

# CIMC 中集

China International Marine Containers (Group) Co., Ltd.

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

A Share Stock Code: 000039

H Share Stock Code: 02039

## 2023 ANNUAL REPORT



## SIGNIFICANT RISK WARNING

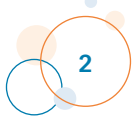
This Report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances which may occur in the future and are beyond our control. Therefore, the forward-looking statements reflect the Group's current views with respect of future events and are not a guarantee of future performance. Actual results may differ from the information contained in such forward-looking statements.



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## IMPORTANT NOTICE

The 2023 annual report (hereinafter referred to as this “**Report**” or the “**2023 Annual Report**”) has been considered and approved at the fifth meeting of the tenth session of the Board of the Company in 2024. All Directors have attended the meeting to consider and approve this Report. 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.

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this Report is true, accurate and complete and does not contain misrepresentations, misleading statements or material omissions and jointly and severally take legal responsibility.

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.

Mr. MAI Boliang, person-in-charge of the Company, Chairman of the Board, Mr. ZENG Han, the vice president and Chief Financial Officer (CFO), the 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 for 2023 set out in the Report.

The financial statements of the Group for 2023, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

The forward-looking statements in this Report 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.

# DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the headquarters of the Company in Shenzhen upon request by the relevant regulatory authorities and Shareholders in accordance with PRC laws and regulations or the Articles of Association:

- I. The financial statements under the hand and seal of the legal representative, the person in charge of accounting affairs and the head of the accounting department.
- II. The original copy of the audit report under the seal of Accountants Firms and under the hand and seal of Certified Public Accountants.
- III. The original copies of the documents and announcements of the Company published on the websites of "China Securities Journal", "Securities Times", "Shanghai Securities News", Cninfo and the Hong Kong Stock Exchange during the Reporting Period.



## DEFINITIONS

For the purpose of this Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Company” or “CIMC”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange.
“CIMC Group” or “Group”	The Company and its subsidiaries.
“Director(s)”	The director(s) of the Company.
“Board”	The Board of the Company.
“Supervisor(s)”	The supervisor(s) of the Company.
“Supervisory Committee”	The supervisory committee of the Company.
“Shareholder(s)”	The holder(s) of A share(s) and H share(s) of the Company.
“Reporting Period” or “Year” or “Period”	The twelve months from 1 January 2023 to 31 December 2023.
“Rules of Procedures for the Board”	The Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the General Meetings”	The Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the Supervisory Committee”	The Rules of Procedure for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd.
“Articles of Association”	The Articles of China International Marine Containers (Group) Co., Ltd.
“Implementation Rules of the Audit Committee”	The Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd.
“Shenzhen Listing Rules”	The Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
“CASBE”	Accounting Standards for Business Enterprises – Basic Standard and 42 Specific Accounting Standards issued by the Ministry of Finance of the PRC, and application guidance and interpretations to CASBE and other related regulations.

## DEFINITIONS

“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Hong Kong Listing Rules.
“Corporate Governance Code”	The Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules.
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“PRC” or “China”	The People’s Republic of China.
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“RMB”	Renminbi, the lawful currency of the PRC.
“USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America.
“%”	Percentage.
“A Share(s)” (or “RMB-denominated Ordinary Share(s)”)	Domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in Renminbi.
“H Share(s)” (or “Overseas-listed Foreign Share(s)”)	Overseas-listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.
“CSRC”	China Securities Regulatory Commission.
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“HKSCC”	Hong Kong Securities Clearing Company Limited and HKSCC NOMINEES LIMITED.
“Shenzhen Capital Group”	Shenzhen Capital Holdings Co., Ltd., a state-owned enterprise established in the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal, which is the largest Shareholder of the Company.
“Shenzhen Capital (Hong Kong)”	Shenzhen Capital (Hong Kong) Container Investment Co., Ltd.



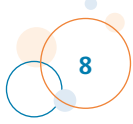
## DEFINITIONS

“Shenzhen Capital International Company Limited”	Shenzhen Capital International Company Limited (深圳資本國際有限公司), formerly known as “Shum Yip Investment & Development Company Limited”, with the name changed in November 2023.
“China Merchants Group” or “CMG”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established in the PRC under direct control of the State-owned Assets Supervision and Administration Commission, which is second largest Shareholder of the Company.
“CIMC Container (Group) Co., Ltd.”	CIMC Container (Group) Co., Ltd. (formerly known as “CIMC Container Holding Co., Ltd.”, with the name changed on 5 June 2023), a holding subsidiary of the Company.
“CIMC TianDa”	CIMC-TianDa Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability in 2002 and a holding subsidiary of the Company.
“CIMC Enric”	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability in 2004, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) and a holding subsidiary of the Company.
“CIMC Finance Company”	CIMC Finance Co., Ltd., a company incorporated in the PRC in 2010 and a holding subsidiary of the Company.
“CIMC Financial Leasing Company” or “CIMC Leasing”	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC in 2007, and an associated company of the Company.
“CIMC HK”	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong in 1992 and a holding subsidiary of the Company.
“CIMC Offshore Engineering”	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC in 2016 and a holding subsidiary of the Company.
“CIMC Raffles”	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore in 1994 and a holding subsidiary of the Company.
“CIMC Industry & City”	Shenzhen CIMC Industry & City Development Group Co., Ltd. (深圳市中集產城發展集團有限公司), a company incorporated in the PRC in 1998 and an associate of the Company.



## DEFINITIONS

“CIMC Vehicles”	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a company incorporated in the PRC in 1996, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1839) and on the ChiNext Market of Shenzhen Stock Exchange (stock code: 301039), and a holding subsidiary of the Company.
“CIMC Wetrans”	CIMC Wetrans Logistics Technology (Group) Co., Ltd. (formerly known as “CIMC Modern Logistics Development Co., Ltd.”, with the name changed on 21 July 2021), a holding subsidiary of the Company.
“CIMC Transpack Technology”	CIMC Transpack Technology Co, Ltd., a company established in the PRC in 2019 and a holding subsidiary of the Company.
“C&C Trucks”	C&C Trucks Co., Ltd., a company established in the PRC in 2009. It has entered into the Strategic Restructuring Agreement with relevant parties in December 2022 and completed the change of industrial and commercial registration and equity transfer in March 2023, and became an associated company of the Company.
“CMIC”	CMIC Ocean En-Tech Holding Co., Ltd., a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 206).
“Sinotrans & CSC”	Sinotrans & CSC Holdings Co., Ltd., together with its subsidiaries “Sinotrans & CSC Group”.
“China Merchants Port”	China Merchants Port Group Co., Ltd., together with its subsidiaries “China Merchants Port Group”.
“China Merchants RORO”	China Merchants Guangzhou Roro Shipping Company Limited (廣州招商滾裝運輸有限公司), together with its subsidiaries “China Merchants RORO Group”.
“Sinotrans”	Sinotrans Container Lines Co., Ltd. (中外運集裝箱運輸有限公司), together with its subsidiaries “Sinotrans Group”.
“SIPG”	Shanghai International Port (Group) Co., Ltd., together with its subsidiaries “SIPG Group”.



# GLOSSARY

This glossary contains certain definitions of technical terms used in this Report in connection with the Group. Some of these definitions may not correspond to standard industry definitions or usage.

<b>Items</b>	<b>Definitions</b>
CNG	Compressed Natural Gas.
ERP	Enterprise Resource Planning.
EPC	Engineering Procurement Construction.
FPSO	Floating Production Storage and Offloading.
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment.
HSE	Health Safety Environment.
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
Modular Building	The building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimization Never Ending, the lean management system of the Group.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.

## GLOSSARY

## Semi-submersible Drilling Platform

A semi-submersible drilling platform is a mobile oil rig; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semisubmersible platform is generally used in deep seas with water depths ranging from 600–3,600m. The platform typically uses a dynamic positioning system for positioning.

## TEU

Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.

## CHAPTER I

# CORPORATE PROFILE

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

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

### I. COMPANY INFORMATION

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

## CHAPTER I CORPORATE PROFILE

### II. CONTACT PERSONS AND MEANS OF COMMUNICATION

Secretary to the Board/ Joint Company Secretary:	WU Sanqiang (Note)
Representative of Securities Affairs/ Joint Company Secretary:	HE Linying (Note)
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	+86 755 2669 1130
Facsimile:	+86 755 2682 6579
Email Address:	ir@cimc.com

### III. CHANGES IN REGISTRATION

Unified social credit code:	91440300618869509J
Change of Principal Business since Listing:	No
Change of the Controlling Shareholder:	No controlling Shareholder

### IV. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Stock Exchange Website of Disclosure of Annual Report of the Company:	A Share: <a href="http://www.szse.cn">www.szse.cn</a> ; H Share: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Media or Website of Disclosure of Annual Report of the Company:	A Share: "China Securities Journal", "Securities Times", and "Shanghai Securities News" and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ; H share: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Official Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Places at which this Report is Available:	Office of the Secretary to the Board of the Company, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

Note: During the Reporting Period, Mr. WU Sanqiang and Ms. HE Linying were the joint company secretaries of the Company. According to the approval of the Hong Kong Stock Exchange dated 9 April 2024, Mr. WU Sanqiang is capable of serving as the independent company secretary of the Company subsequently. Meanwhile, Ms. HE Linying ceased to be a joint company secretary of the Company and was appointed as the assistant company secretary of the Company with effect from 10 April 2024. For details, please refer to the announcement of the Company dated 10 April 2024.

## CHAPTER I CORPORATE PROFILE

### V. STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039
Stock Exchange on which H Shares are Listed:	The Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares:	CIMC, ZJHD (Note)
Stock Code:	02039, 299901 (Note)

Note: Both the abbreviated stock name and the stock code were only used by the original B Shareholders of the Company in the PRC in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the Hong Kong Stock Exchange.

### VI. OTHER RELEVANT INFORMATION

Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Hong Kong Lawyer:	Paul Hastings 22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyer:	Commerce & Finance (Shenzhen) Law Offices Unit 2301, Block A, Aerospace Science and Technology Plaza, Haide 3rd Road, Nanshan District, Shenzhen
Auditor:	PricewaterhouseCoopers Zhong Tian LLP 11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
The Certified Public Accountants as the Signatories:	Cai Zhifeng, Chen Yun

## CHAPTER II

# SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### I. RETROSPECTIVE ADJUSTMENT TO OR RESTATEMENT OF THE ACCOUNTING DATA FOR PRIOR YEARS BY THE COMPANY DUE TO CHANGE OF ACCOUNTING POLICIES AND CORRECTION OF ACCOUNTING ERRORS

Yes No

### II. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP FOR THE LAST FIVE YEARS

Unit: RMB thousand

Consolidated Income Statement Items	For the year ended 31 December					
	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

## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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



## CHAPTER II

### SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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.

## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### III. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

#### 1. Differences in net profits and net assets disclosed under International Accounting Standards and CASBE

Applicable Not applicable

#### 2. Differences in net profits and net assets disclosed under foreign accounting standards and CASBE

Applicable Not applicable

### IV. KEY FINANCIAL INDICATORS OF THE GROUP BY QUARTER DURING THE REPORTING PERIOD

Unit: RMB thousand

	2023			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	26,649,907	33,924,061	34,550,143	32,685,408
Net profit attributable to Shareholders and other equity holders of the Company	160,177	238,379	97,021	(74,328)
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	29,763	946,836	228,724	(540,021)
Net cash flows from operating activities	577,557	(2,585,839)	591,007	4,120,461

Significant differences exist between the above financial indicators or their sums and the related financial indicators in the quarter reports and semi-annual reports disclosed by the Company

Yes No

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

## V. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS OF THE GROUP FOR THE LAST THREE YEARS

✓Applicable    □Not applicable

Unit: RMB thousand

Items	Amounts in 2023	Amounts in 2022	Amounts in 2021
(Losses)/gains on disposal of non-current assets (including the write-off reversals 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)
<b>Total</b>	<b>(244,053)</b>	<b>(1,064,405)</b>	<b>1,192,263</b>

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.

## CHAPTER III

# CHAIRMAN'S STATEMENT



*Mai Boliang*  
Chairman

### DEAR SHAREHOLDERS AND INVESTORS,

**The year 2023 witnessed the resumption of economic development.** This year, high global inflation, soaring overseas interest rates, intensified exchange rate volatility, mixed regional economic growth, and the increasingly complex external environment featuring international trade and geopolitics, posed enormous difficulties and unprecedented challenges to business operations.

The year 2023 also marks the beginning of CIMC's new vision and new five-year strategic planning. All CIMC staff have been making concerted efforts to tackle challenges confronted. Compared to the same period last year, there was a notable drop in operating results, yet our new quality productive forces have been taking shape at an accelerated pace, thus accumulating surging driving forces. During the period, the Group saw a sustained emergence of scientific and technological innovation, a significant increase in strategic emerging applications featuring "high-end, intelligent and eco-friendly", and constant breakthroughs in the development of core technologies. We have been actively demonstrating our deepest understanding of the new quality productive forces by further promoting the resilient development of an independently controllable, safe and reliable supply chain. During the year, the Group was ranked 170th in the Fortune 500 China 2023.

## CHAPTER III CHAIRMAN'S STATEMENT

In 2023, the Group recorded a revenue of RMB127.81 billion, representing a year-on-year decrease of 9.70%; with gross profit margin maintained at 13.77%, our net profit amounted to approximately RMB1,863 million. Although the overall operating results decreased notably as compared with that in 2022 under the influence of the cyclical fluctuation of our principal businesses, the market demand for many of our businesses has shown a gradual revival trend.

### I. Leading the Way Going Abroad and Deep Tapping into Local Markets

**In 2023, as Chinese enterprises embarked on their overseas ventures, we continued to elevate our engagement in the supply chain operation of international industry chains and further intensified our first-mover advantage in global operations.** During the Period, overseas and domestic revenues remained balanced at about 50% each.

**In the manufacturing industry, we have been a pioneer leading the way going abroad.** During the year, China's foreign trade accelerated its quality improving and upgrading pace, and the export scale of emerging industries represented by the "new three", namely electric passenger vehicles, solar cells and lithium batteries, grew rapidly. We have proactively planned and deployed, and rolled out a variety of customised logistics and transport equipment to seize the emerging industrial dynamics and opportunities brought about by China's manufacturing exports. In the sector of new energy vehicle exports, our container manufacturing business responded swiftly to customer demands by delivering special frame containers with high efficiency; our offshore engineering business assisted in initiating the era of "self-transportation of domestic vehicles" by launching the first BYD "EXPLORER NO.1" automobile transport roll-on/roll-off vessel; and our recycled load business further increased its production capacity of container racks for new energy vehicles and recyclable transport packages for power batteries, and innovated its modes to ease the bottleneck in transport of automobiles and parts and components. In the sector of lithium battery, CIMC's energy storage business under the container manufacturing segment deepened its co-operation with strategic customers, delivered assembled energy storage systems in bulk to overseas markets, and continued to expand its project sources in Europe, the United States and Southeast Asia. Our logistics and transportation service business deeply tapped into the top photovoltaic enterprises, helping to safeguard customers' overseas supply chain of photovoltaic modules.

**In the meantime, we are deeply engaged in regional and local manufacturing to smooth out the risk of fluctuations in a single region.** During the year, we improved the quality and efficiency of our domestic market expansion and made positive progress. For instance, we entered into a number of new strategic co-operation agreements during the year and anchored ourselves in the internal cycle. Meanwhile, our overseas manufacturing bases established earlier in more than 20 countries and regions, mainly covering Europe, the Americas and Southeast Asia, and our over 4,000 overseas employees (including those in Hong Kong, Macao and Taiwan), have also effectively captured the growth poles arising from regional development and product updates, and strengthened the connection with external demands.

### II. Focusing on Manufacturing and Supplemented with Services

**In 2023, we firmly focused on the manufacturing industry, enhanced the synergy of our services and operations, and reinforced our fundamental strengths, in an effort to enhance our industry leadership.**

**The container manufacturing business weathered the cyclical downturn and realised steady operation and quality growth.** During the year, standard dry containers and reefer containers for marine transportation, our core manufacturing products, maintained their leading position in the world for a long time in terms of sales volume. Meanwhile, the multi-satellite development strategy achieved strong leadership effect. In particular, the incremental "container +" business, benefiting from its market layout, ushered in a harvesting period; the satellite businesses, such as energy storage and modular building, continued to innovate their development models; and CIMC Femtosecond (中集飛秒), the nova business, reverberated in the steel structure industry and secured orders.

**Road transportation vehicles business seized the explosion in demand in overseas markets and achieved the best results in history.** During the year, CIMC Vehicles further consolidated its market leadership in terms of the sales of semitrailers in the global market and secured the top ranking in the domestic specialty vehicle market. During the year, as the domestic market continued to witness in-depth adjustments, CIMC Vehicles embarked on its third venture to promote the leapfrog growth of its domestic semi-trailer business with the implementation of the Star Chain Plan, and meanwhile, to create an innovative and venture platform and accelerate the commercialisation progress of new energy semitrailers.

## CHAPTER III CHAIRMAN'S STATEMENT

**The energy, chemical and liquid food segment achieved stable growth and maintained its leading position in the core business both at home and abroad.** During the year, CIMC Enric comprehensively improved its presence along the whole industry chain of natural gas, hydrogen and other clean energy, and enhanced its capability of providing integrated services, with orders in hand reaching a record high of RMB22.85 billion. In the shipbuilding sector, small-to-medium sized liquefied gas carriers extended the trend of abundant orders again, with nearly 20 new orders signed throughout the year.

**The offshore engineering business recorded remarkable results in its strategic transformation and managed to bring about an upswing.** During the year, we continued to invest in the production capacity of offshore oil and gas and shipbuilding, and achieved a significant increase in operating results. During the year, CIMC Raffles continued its technological innovation and developed its "one-stop solution" capability in the oil and gas business represented by FPSO. In addition, the Group seized the opportunity of revitalising offshore engineering assets during the period and achieved a year-on-year increase of over 80% in revenue from leasing operations, with significant increases recorded in both occupation and rate, indicating the effectiveness of the revitalisation of assets.

**CIMC TianDa further upgraded its intelligent solutions, and put a number of self-developed high-end intelligent projects into full operation, thereby contributing to the expansion and growth of the high-end intelligent airport equipment market.** During the period, CIMC TianDa continued to assist Chengdu Tianfu International Airport in the construction of its world-leading "intelligent airport", and delivered the world's first system of the remote unmanned automatic boarding bridges (Level L4 boarding bridges), which has been steadily put into operation for airline guarantee services. Compared with the Level L3 boarding bridges delivered in 2022, Level L4 boarding bridges realised the real unmanned operation of corridor bridges, and further improved the docking efficiency and docking precision by a factor of 1 while ensuring the safety performance of zero accident.

**Relying on the advantages of "equipment + technology", our logistics services business has penetrated deep into the value chain of the logistics and transportation industry.** During the year, the logistics services business continued to integrate the market and optimise its global presence, and actively sought to provide customers with more efficient, low-carbon and visualised services by developing an integrated multimodal transport solution involving "river, sea, road, railway, air". During the year, the Group ranked among the top 5 players in the Comprehensive List of Freight Forwarding and Logistics Enterprises released by the China International Logistics and Freight Forwarding Association.

### III. Green and Low-Carbon Solutions from CIMC

**In 2023, as the global industries moved rapidly towards a sustainable future, the Group increased the supply of CIMC's green energy solutions to the market in a more comprehensive manner during the year, so as to make the path of global green transformation and upgrading a more practical and prolonged one.**

**We continued to explore our potential in the field of low-carbon transitional energy such as LNG and LPG.** Thanks to the greening drive of the "dual-carbon" initiatives, we have seen growing demands for both offshore and onshore clean energy businesses of the Group. To name a few, CIMC Pacific Offshore Engineering (中集太平洋海工), a subsidiary of CIMC Enric, has secured orders for nearly 20 liquefied gas carriers, clean energy-fueled vessels and bunkering vessels as part of the greening initiative in the global shipping market, and achieved significant growth in orders for LNG marine fuel tanks and liquid cargo tanks.

**We remained fully engaged in zero-carbon energy sectors such as energy storage, hydrogen, offshore wind power, offshore photovoltaic, methanol and liquid ammonia.**

## CHAPTER III CHAIRMAN'S STATEMENT

### **In terms of new energy storage, our business scale is rapidly increasing.**

In the field of integrated electrochemical energy storage, Shenzhen CIMC Energy Storage Development Co., Ltd. (深圳中集儲能發展有限公司) was established in February 2023, and opening ceremonies have been held in succession for new bases in Qingdao, Fujian, Nantong and Yangzhou. In May, we established a joint venture with Powin, a leading player in the United States, to provide global customers with high-quality electrochemical energy storage solutions catering to the integration of the industrial chain, thus achieving a rapid increase in business scale. In the field of gas-based energy storage, the Group has also secured new orders via successfully bidding for the 10MPa gas storage depot project in Three Gorges Corporation's research and demonstration of key technologies for the "integrated development of power generation, grid, load and storage" – the compressed air storage system project, which enables the stable, safe and efficient supply of clean electricity.

### **In terms of hydrogen energy, we are embracing a period of product harvesting along the industrial chain.**

During the year, CIMC intensified its co-operation with Angang Steel, Shougang Shuigang and Lingang Group, and commissioned three coke oven gas-to-hydrogen LNG cogeneration projects. The successful project model of effectively utilising industrial by-product gas for producing clean energy has thus been successfully replicated and promoted, marking another milestone in the Company's upstream business expansion. CIMC's hydrogen business has built up a complete industrial chain of equipment. During the year, CIMC successfully developed the first mobile pure hydrogen fuel cell, the first 30MPa hydrogen tubular container and the first commercial liquid hydrogen tanker in China, and won the bid for and commissioned the first 70MPa commercial all-in-one assembled hydrogen refuelling station in China and the first EPC project of medium-pressure spherical tank for storage of hydrogen in Inner Mongolia, thereby providing clients with CIMC's complete package of solutions for the hydrogen industry.

### **We are a budding player in the fields of offshore wind power and offshore photovoltaic.**

CIMC Raffles developed, manufactured and delivered "Boqiang 3060 (博強3060)", the latest generation of offshore wind power installation vessel in China, which is also one of the top 10 scientific and technological innovation achievements for 2023 in Shandong Province, bringing innovation impetus to the transformation of energy structure and the construction of marine economy. In terms of green methanol and liquid ammonia, CIMC Bluewater's methanol fuel supply system serves as one of the core key equipment in green methanol-fueled vessels, and has obtained the Approval-In-Principle (AIP) certificate for methanol fuel supply system from the Det Norske Veritas (DNV), which provides a robust guarantee for the realisation of the green and low-carbon transformation of ship power system; and CIMC Pacific Offshore Engineering (中集太平洋海工), a subsidiary of CIMC Enric, has successfully delivered a 5,500 m<sup>3</sup> liquid ammonia tanker (T135), marking another breakthrough of CIMC in the field of new material and new technology.

### **In the meantime, we have been actively embracing the green transformation of factories and fulfilling CIMC's green commitments to customers and shareholders with green and low-carbon raw materials and manufacturing processes.**

During the period, the number of national "green factories" of the Group increased by 9. Owing to our unremitting efforts in green and low-carbon development, the Group's sustainability achievements were also recognised by the industry. For the fifth consecutive year, the Group has been selected as one of the Top 100 Chinese Enterprises in Sustainable Development, with its ranking jumping from the shared second place in 2021 and 2022 to the shared first place in 2023, and again selected as a constituent stock of the Hang Seng A-share Sustainable Development Benchmark Index.

## CHAPTER III CHAIRMAN'S STATEMENT

### IV. Technology-driven Development & Intelligentisation-oriented Innovation

**During the year, the Group further defined its five-year strategic direction of developing technological innovation and focusing on quality growth.** By virtue of its technological innovation and upgrading, the Group was successfully listed on the "Top 100 Enterprises in the World in terms of Open Innovation for 2023" for the first time during the year. The Group invested approximately RMB2,445 million in R&D during the year, and the proportion of R&D investment in revenue further increased. As at the end of 2023, the number of the Group's national "Little Giant" enterprise with the features of specialization, refinement, uniqueness and innovation increased by 4 to 13, and there were also 6 enterprises (products) that were selected as single champion enterprises (products) of manufacturing industry by the State Ministry of Industry and Information Technology.

**In respect of technology-driven development, the Group kept on facilitating the development of China's manufacturing industry with domestic products.** CIMC Raffles delivered China's first FPSO project that has the main hull modification, entire module construction, consolidation and integration, and systematic commissioning of the complete vessel done in the same shipyard, the first semi-submersible offshore floating photovoltaic platform project in China, and the "Jilin I (集林一號)" project, the first offshore floating photovoltaic platform project in the world that is made of bamboo-based compound material; "CIMC Femtosecond (中集飛秒)" of Qianhai Ruiji Technology, a Shenzhen-based enterprise with the features of specialization, refinement, uniqueness and innovation, integrates traditional robots with Internet technology, and equips industrial robots with "eyes" and "brains", allowing welders in more industries to liberate their eyes and hands, thus improving the employee productivity of the steel structure manufacturing industry.

**With regard to intelligentisation-oriented innovation, the Group kept investing in intelligent manufacturing factories and actively participated in industry transformations that integrate "digitalisation, intelligentisation and eco-friendliness".** By the end of 2023, the Group had 14 provincial-level and 1 national-level intelligent manufacturing factories, realising the leap towards Industry 3.0. During the year, Qingdao CIMC Reefer Container was successfully selected as one of the national-level "Demonstrative Intelligent Manufacturing Factories" in 2023, being the first CIMC factory to be awarded the "national honour" in this field; and Ningbo CIMC has built China's first 5G fully-connected factory in the container industry, which was successfully selected as one of the factories of the future in Zhejiang Province in 2023, realising the perfect transformation from an "iron box" to a "5G factory" and further to a "factory of the future", and setting up a digitalisation benchmark for the industry.

### V. Reinforcing the Financial Position and Expediting the Revitalisation Progress

During the year, the Group continuously strengthened its financial fundamentals and managed to maintain a stable gearing ratio of 60% as at the end of the year by way of spinning off subsidiaries for listing, introducing strategic investors, disposal of non-advantageous enterprises and repayment of high-interest-bearing debts. In particular, during the period, the Group proactively responded to the surge in overseas financing costs by rationally planning its global capital operations to mitigate the impact of the rising overseas financing costs.



## CHAPTER III CHAIRMAN'S STATEMENT

### **INHERITING THE PAST AND INITIATING THE FUTURE, MAKING BREAKTHROUGHS IN TRANSFORMATION**

Looking ahead to 2024, the world economic situation will remain turbulent, as high inflation and interest rates overseas will continually squeeze consumer spending, geopolitical conflicts will incessantly disrupt the global supply chain, and the rising number of climate disasters will also increase the risk of imbalance between supply and demand. Therefore, global trade and economy will still encounter great challenges and uncertainties.

**In 2024, based on the first-mover advantage of the global operating platform, the Group will enhance its return to shareholders by following the guidance of national policies, intensifying the implementation of the strategic theme of “accelerating the construction of new growth drivers and focusing on promoting high-quality development” and coordinating the reasonable growth of “quantity” and the effective improvement of “quality”:**

- **Accelerating the Construction of New Growth Drivers:** To consolidate the manufacturing foundation, leverage the advantages of scale, promote transformation and upgrading and expand the championship product cluster of the core business; and to build innovative solutions for products, services and models, create new momentum for CIMC's leap-forward development through the expansion of its strategic emerging businesses, and thereby lead the innovative development of the logistics and energy industry chains.
- **Focusing On Promoting High-Quality Development:** To consider both mergers and acquisitions and asset optimization in strengthening the rational allocation of financial resources; and to strengthen technological innovation and digital construction, and promote intelligent manufacturing, smart products and platform services.

**The Group will keep on striving to “become a high-quality and respected world-class enterprise” and to enhance its return to shareholders.**

**Mai Boliang**  
*Chairman*  
Shenzhen, the PRC  
March 2024

## CHAPTER IV

# REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS SUMMARY

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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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 was the world's No. 1 semi-trailer manufacturer. 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 off shore 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.

## II. REVIEW OF THE PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

### 1. Overview

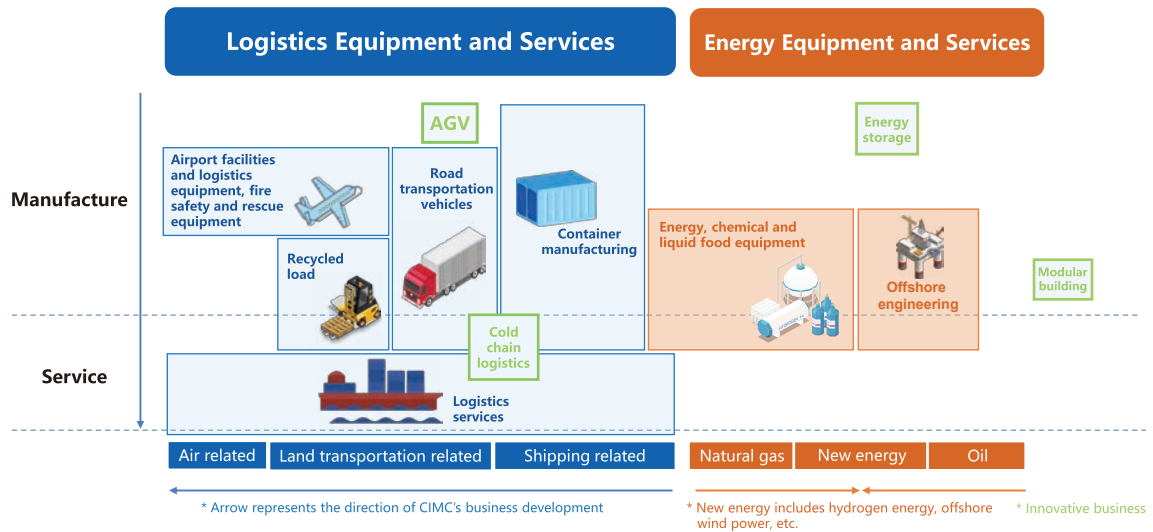
During the Reporting Period, the Group's revenue amounted to RMB127,810 million (2022: RMB141,537 million), representing a year-on-year decrease of 9.70%; the net profit attributable to shareholders and other equity holders of the Company amounted to RMB421 million (2022: RMB3,219 million), representing 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.

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REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

2. Review of Operations of Major Business Segments

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.

Main Business Structure



(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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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

### 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

- Leverage the logistics services business



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.



## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

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- 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, 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.

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### (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, 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.

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- (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.

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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, 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.

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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 (in which US\$1,800 million of revenue has been recognized) (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 platforms in stock 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 Company and Offshore Engineering Asset Management Platform Company.

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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 Leasing 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.

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- 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 (delivered 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.



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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 buyer client
6	luxury yacht	1	Nil	Sales realized and delivered on schedule

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### (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.

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- 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.

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- 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.

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### (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 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.

## III. FUTURE DEVELOPMENT AND PROSPECTS OF THE COMPANY

### (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”.

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- 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.

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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.

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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.



## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (II) 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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”.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

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**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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (III) 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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### IV. ANALYSIS OF CORE COMPETITIVE ADVANTAGES

#### Development Philosophies of Globalisation

The Group has always been committed to globalised business deployment, leveraging on its global network and brand advantages accumulated over 40 years. The Group's existing principal businesses cover container manufacturing business, road transportation vehicles business, energy/chemical/liquid food equipment business, offshore engineering business, logistics services business, airport facilities and logistics equipment, fire safety and rescue equipment, finance and asset management business, and other emerging industries, with its production bases spreading across Asia, Europe, North America and Australia, and its business network spanning major countries and regions around the world. In particular, the container business continued to take the lead in the industry worldwide, as well as road transportation vehicles, energy/chemical/liquid food equipment and offshore engineering businesses with strong global competitive edges. The efficient implementation of globalised business deployment effectively offset the adverse impact from periodic fluctuations of the global market in recent years on the Group's results.

#### A Standardised and Effective Corporate Governance System

The Group has developed a set of excellent governance models covering business philosophy, governance structure and management mechanism. A standardised and effective corporate governance structure is the institutional safeguard for the Group's sustainable and healthy development. Since 2010, the Group has launched the strategic upgrade campaign of "building an empowering platform for sustainable and healthy development of CIMC". According to the organisational transformation direction of "layer management", the Group has established a three-tier management model comprising the executive committee, the special committee and the Board as well as a 5S core management process, fully introduced and actively pushed forward the lean management system to the entire Group, firmly enhanced the implementation progress of regulation compliance at all levels of organisation of the Group and the accountability system on officers. As a result, the Group has established a new management system which ensures sustainable and healthy development of its businesses in the future.

#### Intelligent Manufacturing Operating and Management Capabilities

Since 2007, the Group has continuously promoted the construction of lean ONE mode, building a relatively perfect lean manufacturing system, and expanded it into business and management fields such as market, research and development, technology, supply chain, finance, human resources, etc. to continuously enhance the core competitiveness of the Company through strengthening its lean management capabilities.



## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### **Integrated Resources and Ability to Achieve Collaborative Development**

Guided by the national key development areas and the strategic development of the Group, during the year, the Group gave full play to its internal and external synergy advantages, optimised the top-level design of its business, implemented the coordinated development strategy of various segments, and expanded the domestic market in key areas. During the year, the Group, through the capital cooperation with key partners, optimised the market network of and introduced market resources for the relevant business; besides, the Group promoted the internal and external resource collaboration and model innovation by strengthening cooperation with governments, customers and other parties, striving to provide one-stop overall solutions for downstream customers.

### **Continuous Innovation and Technological Research and Development Capabilities**

The Group always attaches great importance to continuous innovation and technological research and development capabilities through developing mid-to-long term development strategies to optimise R&D systems and platforms and accelerate the development of products and technologies as well as evolution of existing products to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialisation of technological achievements. In 2023, under the guidance of the Group's product strategy of "maintaining product leadership, strengthening technological innovation, and promoting smart manufacturing", the Group increased investment in research and development and newly applied for 717 patents (of which 292 are invention patents), maintained 5,411 valid patents in total. During the Reporting Period, "The Door Sealing Reinforcement Mechanism and the Dry Bulk Container Equipped with It" won the China Patent Excellence Award. As at the end of 2023, 13 companies under the Group were selected into the national list of "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation (國家級專精特新「小巨人」名單).

### **Good Brand Image**

With more than 40 years of commitment to manufacturing, CIMC has become a leader in various sectors including container manufacturing, road transportation vehicles, energy, chemical and food equipment, airports equipment and offshore engineering. Currently, more than 80 kinds of products under the "CIMC" brand are exported to more than 100 countries and regions all over the world, and a number of champion/star products such as containers, semi-trailers, drilling platforms, boarding bridges of CIMC have become shining business cards endorsing the brand of CIMC, earning global reputation and respect for "Made in China" products. At present, CIMC ranks 52nd on the "2023 China Listed Companies Brand Value List" launched by Daily Economic News and the China Enterprise Research Center of Tsinghua University's School of Economics and Management, and CIMC has become a globally renowned brand with extensive influence in the global logistics and energy industries.





## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

The information on the Company's principal business for the previous year collected by using the modified statistical method which was adopted during the Reporting Period.

Applicable Not applicable

### (3) The Company's Income of the Physical Sale is Higher than the Service Revenue or not

Yes No

Industry classification	Item (Sales volume)	2023	2022	Year-on-year Change (%)
Containers manufacturing	Dry containers (ten thousand TEU)	66.41	110.73	(40.03)
	Reefer (ten thousand TEU)	9.25	13.14	(29.60)
Road transportation vehicles	Semi-trailer (unit)	116,677	127,528	(8.51)
	Truck bodies for specialty vehicles (unit)	16,824	15,354	9.57
	Other vehicles (unit)	5,514	7,696	(28.35)
Offshore engineering	Offshore products	16	13	23.08

Reasons for relevant information changes by over 30% on a year-on-year basis: 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.

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**(4) Performance of the Significant Sales and Procurement Contracts Entered into by the Company as of the Reporting Period**

Applicable Not Applicable

**(5) Composition of Cost of Sales**

Unit: RMB thousand

Industry classification	Item	2023		2022		Year-on-year change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Container manufacturing	Direct materials	18,592,287	73.23%	25,589,137	73.23%	–
Road transportation vehicles	Direct materials	16,963,898	83.44%	16,975,925	82.88%	0.56%
Offshore engineering	Direct materials	5,306,588	55.98%	2,637,363	49.08%	6.90%

**(6) Changes in the Consolidation Scope during the Reporting Period**

Yes No

During the Reporting Period, for details of the change of the consolidation scope of the Group, please refer to note V to “Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE” in this Report.

**(7) Information of Significant Changes or Adjustments of Businesses, Products or Services of the Company during the Reporting Period**

Applicable Not Applicable

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (8) Information on the Major Customers and Major Suppliers

During the Reporting Period, the aggregate purchase attributable to the top five largest suppliers of the Group was less than 30% of the Group's total purchase, the aggregate revenue derived from the top five largest customers was less than 30% of the Group's total sales.

#### Information on the major customers of the Company

Total sales amount of the top five customers (Unit: RMB thousand)	8,848,905
% of the total sales amount of the top five customers in the annual total sales amount	6.92%
% of the total sales amount of related parties among the top five customers in the annual total sales amount	–

#### Information on the top five customers of the Company

Applicable Not Applicable

Unit: RMB thousand

No.	Name of customer	Sales amount	% of the annual total sales amount
1	Customer A	2,220,699	1.74%
2	Customer B	2,141,607	1.68%
3	Customer C	1,566,290	1.23%
4	Customer D	1,482,629	1.16%
5	Customer E	1,437,681	1.12%
Total		8,848,905	6.92%

#### Other information on the major customers

Applicable Not Applicable

There was no relationship between the Company and the top five customers, and the Directors, Supervisors and their associates, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major customers.

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#### Information on the major suppliers of the Company

Total purchase amount of the top five suppliers (Unit: RMB thousand)	9,509,758
% of the total purchase amount of the top five suppliers in the annual total purchase amount	8.63%
% of the total purchase amount of related parties among the top five suppliers in the annual total purchase amount	-

#### Information on the top five suppliers of the Company

Applicable   Not Applicable

Unit: RMB thousand

No.	Name of supplier	Purchase Amount	% of the annual total purchase amount
1	Supplier A	3,012,223	2.73%
2	Supplier B	2,768,077	2.51%
3	Supplier C	1,331,248	1.21%
4	Supplier D	1,310,818	1.19%
5	Supplier E	1,087,391	0.99%
Total		9,509,758	8.63%

#### Other information on the major suppliers

Applicable   Not Applicable

There was no relationship between the Company and the top five suppliers, and the Directors, Supervisors and their associates, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major suppliers.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Expenses

Unit: RMB thousand

	2023	2022	Year-on-year Change
Sales expenses	2,760,996	2,452,009	12.60%
General and administrative expenses	6,505,214	7,012,067	(7.23%)
Research and development expenses	2,429,152	2,463,228	(1.38%)
Financial expenses/(gains)	1,506,757	(23,518)	6506.82%
Income tax expenses	970,800	2,336,709	(58.45%)

Description for significant changes: (1) During the Reporting Period, the financial expenses recorded a year-on-year increase of 6506.82%, mainly due to a year-on-year increase in interest expenses as a result of the increase in interest rates on loans in USD for the current year and significant exchange gains arising from the fluctuations in the exchanges rate of US dollar during the same period last year, as well as the net exchange gains for the year of the Group of RMB253.022 million (2022: net exchange gains of RMB1,176.685 million). (2) The income tax expenses recorded a year-on-year decrease of 58.45%, mainly due to the decrease in profit before tax during the current period.

For details of sales expenses, general and administrative expenses, research and development expenses, financial expenses and income tax expenses of the Group during the Reporting Period, please refer to note IV. 52, 53, 54, 55 and 65 to “Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE” in this Report.

### 3. Scientific and Technological R&D Capability and R&D Investment

- Scientific and Technological R&D Capability

In line with its guiding principle of “Serving the Country with Industry”, CIMC has been consistently striving to enhance its innovation and R&D capabilities while vigorously advancing the development of high-quality productivity based on its fundamental logistics and energy businesses under the guidance of the 14th Five-Year Plan for Modern Logistics Development. From building a solid foundation for scientific research capabilities and upgrading processes and craftsmanship to the development of safe, efficient, intelligent, and green products, CIMC is not only striving to fortify the core competitiveness of its fundamental businesses but also contributing to the development of China’s modern logistics system by exploring new growth drivers and accelerating high-quality development.

In 2023, under the strategic guideline known as “**Scientific and technological innovation is the primary and central driving force for achieving the Group’s strategic objectives, and should be playing a pivotal role in the Group’s development from the global perspective**”, CIMC continued to enhance its capacity for independent innovation. During the year, CIMC filed 717 patent applications (including 292 invention patents), and sustained a total of 5,411 active patents, among which “The Door Sealing Reinforcement Mechanism and the Dry Bulk Container Equipped with It” was granted the China Patent Excellence Award during the Reporting Period.



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#### (1) A global, interactive and open R&D platform

As at the end of 2023, the Group has established a number of nationally and provincially approved R&D platforms, including:



Simultaneously, the Group has established a global, interactive and open R&D system, with 20 overseas R&D centers and research institutes across North America, Australia, and Europe, and hired over 300 international experts to engage in core technology research and development, while entering into collaboration with domestic R&D centers to advance technological innovation.

Overseas R&D Centers	Introduction
Bassoe Technology AB (BT), our R&D Center in Sweden	Located in Gothenburg, Sweden, Bassoe Technology AB (BT) boasts extensive experience and expertise in concept feasibility, front-end engineering design, and basic design of various marine products, particularly in the semi-submersible platform sector, where it is a global leader renowned for its pillar products such as the BT-3500 semi-submersible auxiliary platform, Q5000 workover platform, BT-4000 deepwater semi-submersible workover platform, and auxiliary drillship.
Ziemann, our Research Center in Germany	Located in Ludwig Burg, Germany, Ziemann boasts a 160-year history of activity, focusing on brewery equipment and engineering services. It is recognized as a leading provider of brewery turnkey engineering and saccharification workshop technology. Ziemann has scored numerous firsts in the brewery industry, including the first copper saccharification equipment, the first automatic brewery control system, the first external wort heater, Heineken's first set of facilities, and Qingdao Beer's first set of facilities. Such achievements have earned it widespread acclaim in the brewery equipment industry.
TGE GAS ENGINEERING GmbH	Based in Bonn, Germany, TGE Gas Engineering GmbH is a global leader in the field of LNG terminals, LNG liquefaction plant engineering, project management, and general contracting services, boasting over 30 years of experience in the construction of cryogenic liquefied gas storage stations and more than 20 years in cryogenic storage tanks in China.

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CIMC grows its innovation ecosystem by fostering innovation through collaboration with the manufacturers, universities, research institutes throughout the industry chain.

- 1) **Joint innovation with supply chain partners.** CIMC maintains close collaboration with its suppliers. For instance, it has established a joint laboratory with Baowu Steel for the development of high-performance structural steel, which has played an important role in connecting, and thereby ensuring the safety and independence of its raw material supply chain.
- 2) **Industry-university-research cooperation with domestic universities.** CIMC has established seven R&D platforms together with prestigious universities at home and abroad, including Tsinghua University, Zhejiang University, Shanghai Jiao Tong University, South China University of Technology, Norwegian University of Science and Technology, and the University of California, Berkeley.
- 3) **Joint innovation with inspection institutions.** CIMC also works closely with inspection institutions. For instance, the Aquatic Application Safety Laboratory for Renewable Energy and Green Technologies which is jointly established by the China Classification Society and CIMC Sanctum, now serves as a comprehensive, long-lasting, and stable testing facility focused on testing and verification of the safety of new energy applications.

### (2) Certification of our subsidiaries



Note: As at the end of 2023, the Group boasted 6 National Single-Discipline Champion Enterprises (Products) in the Manufacturing Industry recognized by the Ministry of Industry and Information Technology. In 2024, CIMC Container (Group) Co., Ltd. along with its subsidiary, Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd., were included in the eighth batch of National Single-Discipline Champion Manufacturing Enterprises, as an acknowledgement of their leading positions and innovation expertise in their respective fields. As at the date of this report, CIMC has garnered 8 National Single-Discipline Champion Enterprises (Products) in the Manufacturing Industry.

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CIMC prioritizes nurturing single-discipline manufacturing champions as a key task in advancing the high-quality growth of China's manufacturing industry. The Group now has eight **National Single-Discipline Champion Enterprises (Products) in the Manufacturing Industry** certified by the Ministry of Industry and Information Technology, with details set forth as follows:

Title/Qualification	Company/product name	Strengths/Highlights
<b>Single-Discipline Champion Enterprises (Products) in the Manufacturing Industry (8)</b> Enterprises (products) that have long been focused on specific segments of the manufacturing industry, with internationally leading production technology or process and top three market shares for a single product in the world, representing the highest development level and strongest marketing strength in the global manufacturing industry.	CIMC Container (Group) Co., Ltd.	With dozens of production bases located across the major ports in China's mainland, CIMC Container (Group) can provide a full range of container products with completely independent intellectual property rights. Its container production and sales have maintained a leading position globally since 1996. It was included in the eighth batch of National Manufacturing Champions by the Ministry of Industry and Information Technology in the domain of "Standard Marine Dry Cargo Container".
	Nantong CIMC Special Transportation Equipment Manufacturing Co., Ltd.	Nantong CIMC is committed to developing high-quality and reliable containerization solutions, such as specialized containers, transportation and logistics equipment, integrated equipment, etc., and has successfully developed 18 series of over 2,000 products, which are extensively utilized across various sectors including land, railway, sea, and air transport, minerals, construction, and petrochemicals. It has filed for more than 480 patents (including over 240 inventions), and holds more than 30 valid international patents. It was included in the eighth batch of National Manufacturing Champions by the Ministry of Industry and Information Technology in the domain of "Specialized Container".
	Qingdao CIMC Reefer Container Manufacture Co., Ltd.	With 24 years of extensive experience in the manufacturing sector, Qingdao CIMC has emerged as one of the world's leading reefer container developers and manufacturers, with exceptional R&D and manufacturing capabilities for a wide variety of reefer containers, ranging from 4 feet to 55 feet, with fully independent intellectual property rights, including 273 licensed patents and 38 invention patents.
	Yantai CMIC Raffles offshore Ltd.	Yantai CMIC's Blue Whale I and Blue Whale II, selected as the core drilling equipment, have played a pivotal role in the success of China's first and second rounds of combustible ice trial production. It is renowned for its extensive experience in the construction and commissioning of drilling platforms.

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Title/Qualification	Company/product name	Strengths/Highlights
	CIMC Safeway Technologies Co., Ltd. (formerly known as " <b>Nantong CIMC Tank Equipment Co., Ltd.</b> ")	A global manufacturer of chemical logistics equipment and provider of full life-cycle services with the largest manufacturing scale, the most comprehensive product range, the most advanced technology and comprehensive expertise in the research, development, manufacturing, and sales of tank containers, CIMC Safeway Technologies develops, manufactures, and sells a full range of tank containers, including standard stainless steel liquid tanks, special stainless steel liquid tanks, carbon steel gas tanks, carbon steel powder tanks. CIMC Safeway Technologies boasts industry-leading research, development, and manufacturing capabilities, and has been recognized as a single-discipline champion demonstration enterprise by the Ministry of Industry and Information Technology of China.
	Boarding Bridge (CIMC TianDa)	To date, CIMC TianDa has delivered over 8,500 boarding bridges, its flagship products, to 81 countries or regions, serving in 380 airports.
	Cargo trailers and semi-trailers (CIMC Vehicles)	CIMC Vehicles has been a prominent player in the semi-trailer industry since 2002, and has expanded its reach from China to the global stage. Its operations span across four major market sectors in over 40 countries and regions worldwide. CIMC Vehicles has been ranked by Global Trailer as the top semi-trailer manufacturer in the world for 11 consecutive years since 2013.
	Pressure vessel for low-pressure liquefied Gas storage and transportation (Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.)	Jingmen Hongtu's flagship products boast superior KPIs over its competitors, and have been warmly welcome by customers around the world. Not only has it been a leader in China for 40 consecutive years, but also excelled in global market competition as an "Invisible Champion" in its niche.

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Additionally, the Group encourages its subsidiaries to focus on advanced, high-end manufacturing. By the end of 2023, the Group has garnered 13 **National Specialized and Innovative “Little Giants”**:

Title/Qualification	Company name	Strengths/Highlights
<b>National Specialized and Innovative “Little Giant” Enterprises (13)</b>  A leading enterprise with strong innovation ability, and a master of core technologies, focusing on niche markets, with leading market share, excellent quality and efficiency. It is one of the most authoritative and honorary titles for small and medium-sized enterprises in China.	CIMC Vehicles (Jiangmen) Co., Ltd.	CIMC Vehicles (Jiangmen) is a master manufacturer of lightweight, high-strength, wear-resistant steel, which can substantially enhance the vehicle economy.
	Gansu CIMC Vehicles Co. Ltd.	Gansu CIMC Vehicles is a master of the intelligent manufacturing technology for special vehicles, as well as the information and industrial Internet technology integrated management systems.
	Dalian CIMC Special Logistics Equipment Co., Ltd.	Dalian CIMC is the world’s largest metal pallet box developer and a key supplier of special containers and other containerized logistics equipment.
	Zhumadian CIMC Huajun Casting Co., Ltd.	Zhumadian CIMC Huajun focuses on the manufacturing of commercial wheel-end parts, and is a strategic supplier of Sinotruk and other major auto makers.
	Enric (Bengbu) Compressor Co., Ltd.	Enric (Bengbu) is a leading compressor manufacturer, clean energy equipment integrater (equipment integration & optimization), and EPC contractor in China.
	Shenzhen Qianhai Ruiji Technology Co., Ltd.	Shenzhen Qianhai Ruiji Technology has independently developed a series of intelligent welding workstations, offering full-stack intelligent welding solutions to empower its customers with highly intelligent welding solutions for “small-batch, multi-type” pan-steel structures.

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Title/Qualification	Company name	Strengths/Highlights
	Shijiazhuang Enric Gas Equipment Co., Ltd.	With over 120 patents and numerous products that address the unmet demands both domestically and internationally, Shijiazhuang Enric has obtained a wide range of international certifications for its outstanding achievements.
	Yantai Tiezhongbao Steel Processing Co., Ltd.	With a ground-breaking innovation in the cutting and processing technology for 250-mm steel plates, Yantai Tiezhongbao has filled the technical gap that domestic companies have been facing in this field. With sophisticated metal processing technology and the premier products, Yantai Tiezhongbao provides essential components for China's "Pillar Equipment" and is now a crucial link of the industrial chain.
	Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd.	Sichuan Chuanxiao is capable of independent design, development, and production of essential components such as the fire engine pump and water canon, as well as a master of the Al-Body aluminum alloy truck-body manufacturing technology, PPC polymer composite tanks, modular intelligent control system for fire engines, and modular fire pump system, etc.
	Nantong CIMC Energy Equipment Co, Ltd.	Nantong CIMC Energy Equipment has been concentrating on the field of clean energy storage and transportation equipment for an extended period, boasting a number of flagship products that are technically advanced with significant market shares. It has attained global leadership in various market segments, such as low-temperature tanks and small low-temperature storage tanks. It is also the owner of numerous core independent intellectual property rights and has played a leading role in the development and establishment of over 10 national and industrial standards.

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Title/Qualification	Company name	Strengths/Highlights
	Qingdao CIMC Chuangying Composites Co., Ltd.	Qingdao CIMC Chuangying is dedicated to the research, development, production, and sales of continuous fiber thermoplastic composites, and has successfully developed over 30 premier products. It has been actively promoting the “Plastic for Steel” initiative in the transportation sector such as refrigerated vehicles, as well as construction, home decoration, and oil pipelines, demonstrating a robust development momentum.
	Yangzhou Tonglee Reefer Container Co., Ltd.	Yangzhou Tonglee has been consistently developing competitive products that meet market expectations in the three major market sectors, i.e. specialized logistics equipment, clean energy integration equipment, and passive modular buildings segments, unclogging the bottlenecks of specialized containers in these sectors.
	Haiyang CIMC Raffles offshore Ltd.	Haiyang CIMC Raffles is an expert in offshore wind power equipment and boasts advanced intelligent pipe processing technology both domestically and internationally. Leveraging the Internet of Things, big data, and digital technology, it has replaced traditional manual operations with intelligent production lines, significantly enhancing production efficiency.

**There are no outdated traditional industries, only outdated industrial traditions.** Since 2018, the Group has been actively promoting the integration of information technology, industrialization and intelligent manufacturing, and empowering manufacturing transformation and eco-friendly development leveraging the industrial Internet, cloud computing and other advanced technologies. During the Reporting Period, **Qingdao CIMC Reefer Container Manufacture Co., Ltd. was designated as the National Demonstration Plant for Intelligent Manufacturing, while Ningbo CIMC Logistics Equipment Co., Ltd. was recognized as one of the Pilot Demonstration Enterprises for Industrial Internet by the Ministry of Industry and Information Technology in 2022.**

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<b>Title/Qualification</b>	<b>Company name</b>	<b>Strengths/Highlights</b>
National Demonstration Plant for Intelligent Manufacturing	Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Oriented towards digitalization, intelligentization, and green transformation, Qingdao CIMC Reefer has made significant progress in the construction of its intelligent plant, which has achieved 51% process automation and 75% automatic production data collection. The intelligent scheduling system has significantly reduced scheduling time from 2 hours to 10 minutes, increasing per capita efficiency by 50%, and reducing energy consumption per container by 16%. It has also saved foaming material costs by 8%, shortened the production cycle by 21.4%, and reduced the overall delivery cycle by 11.6%.
Pilot Demonstration Enterprise for Industrial Internet recognized by the Ministry of Industry and Information Technology in 2022	Ningbo CIMC Logistics Equipment Co. Ltd.	On top of its existing digital infrastructure, Ningbo CIMC has leveraged the inherent benefits of the 5G technology to develop a variety of business applications, including 5G-powered RGV, 5G-powered machine visual inspection, 5G-powered intelligent spraying, and 5G-powered equipment interconnectivity, making it the first fully-integrated 5G-powered smart container manufacturing facility in the industry.

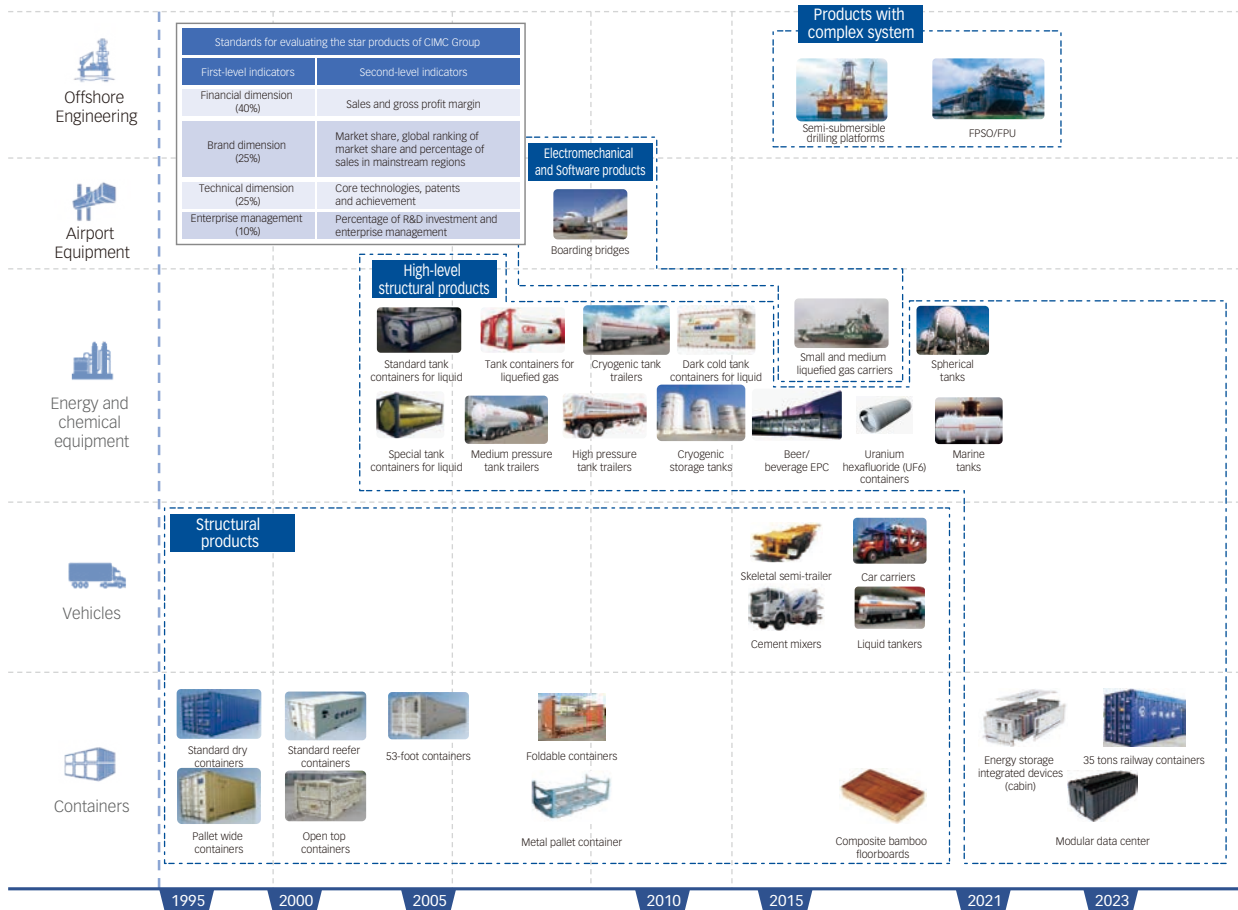


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Through building advanced innovation system and mechanisms, constantly improving its lean manufacturing system, and enhancing its product value and global reach, CIMC has established itself as a world leader with superior products and technologies, and has proudly accomplished the transformation from “Made in China” to “Created in China”. By the end of 2023, CIMC has garnered 31 star products.

CIMC Group has 31 product lines and **more than 160** product series covering 10 major products fields, as well as **31 star products**



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- R&D Investment

During the Reporting Period, the Group steadfastly pursued its strategy of scientific and technological innovation. Our manufacturing divisions in each segment were diligently transforming themselves towards high-end equipment manufacturing, digital intelligence, and green development, engaging in pivotal technology research and focusing on new materials, technologies, and processes to augment product value and global influence. In 2023, the Group invested an aggregate of RMB2,444,553,000 in research and development, accounting for a significant share of its operating revenue that has been constantly growing over the years, with a compound growth rate of 13.2% over the past five years.

### (1) R&D team and incentive mechanism

In addition to increasing its investment in research and development, CIMC has significantly enhanced the recruitment and training of top-tier innovative talents. The Group has vigorously promoted training programs for leading experts, product managers, and backup talents, offering resources and supports for the recruitment and development of innovative talents crucial to the Group's core businesses. A number of experts in science and technology have been recruited to expedite the buildup of our talent pool. By December 2023, the Group has amassed 5,698 R&D personnel, accounting for 11.25% of its total workforce, representing a year-on-year increase of 14.21%.

CIMC has implemented a diverse and multi-tiered incentive system to encourage organizational and employee innovation, aiming to boost its sustainable growth. CIMC has established scientific and technological innovation evaluation standards with reference to those for national enterprise technology centers, aiming to elevate the capabilities of its technology centers through benchmarking against industry-leading criteria. On the other hand, we have established a multi-tiered incentive system for innovation achievements, **integrating scientific and technological innovation with performance management and salary allocation. We have also established a diversified incentive mechanism for short, medium and long terms**, aimed at motivating our subsidiaries to engage in extensive and profound innovation activities.

The Group has promulgated the Guiding Opinions on Motivating Scientific and Technological Talents and Boosting the Scientific and Technological Innovation Capacity of the Company, and developed a suite of incentive systems to inspire scientific and technological innovation. Each business segment of the Group is to develop its own incentive mechanism based on the Group's overarching incentive framework. For example, our Energy and Chemical Business Segment has enacted the Gold Seed Project Management and Incentive Measures of CIMC Enric to fund R&D projects throughout their life cycles; and Container Holding has issued the "Acceleration Camp" Project Management Measures for the Container Segment and the Scientific and Technological Innovation Incentive Management Measures for the Container Segment to encourage shareholding by their employees and their entrepreneurship, resulting in a batch of innovative enterprises such as CIMC Xincai, Qianhai Ruiji, CIMC Unit Load and Qingdao Chuangying.

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#### (2) Achievements of R&D investment

During the Reporting Period, our subsidiaries in different segments have achieved significant milestones in their endeavors towards **high-endness, digital intelligence, and eco-friendliness**.

##### a. High-endness

CIMC Group persistently advanced its R&D and manufacturing of high-end equipment, striving to embrace products and technologies characterized by high technological content, high added value, and a solid market position.

Products/Technologies	Technical features and advantages
<b>Core Products</b>	
<p>The first EPC project for the upper core module of FPSO in China</p> 	<p>Mero 3 FPSO, CIMC Raffles' first EPC project for FPSO, is also China's first FPSO repair and transformation project with main hull renovation, construction and integration of all modules, and commissioning of FPSO done in the same shipyard. The FPSO can process 180,000 barrels of crude oil or 12 million cubic meters of natural gas per day, and has a storage capacity of 1.45 million barrels. It will be installed about 2,050 meters under the water. It is also the world's first FPSO using HISEP technology, which will effectively reduce carbon emissions. The smooth delivery of the FPSO has also laid a solid foundation for the in-depth cooperation between CIMC Raffles and the ship owners.</p>
<p>"Spinning-Top Tanks" for powder material transportation</p> 	<p>The Spinning-Top Tank series, such as the 60-m<sup>3</sup> model, is built of durable food-grade stainless steel, with the entire vehicle weighing just 7.6 tons, lighter than an aluminum alloy powder tank of equivalent capacity, while the unloading speed is 50% faster, with minimal residue. The 35-m<sup>3</sup> All-Around King Spinning-Top Tank, with its weight reduced to 5,600kg, is 2,000kg lighter than a standard vertical tank, yet can carry an additional 1,000kg cargo. Crafted from the customized BM610 alloy steel, our spinning-top tanks not only feature enhanced wear resistance and strength along with thicker wall under the same conditions, but also offer reduced weight and superior overall performance, which will significantly boost transportation efficiency and economy.</p>

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### Products/Technologies

LPG tank truck with built-in pump



10m<sup>3</sup> fixed high-purity ammonia pressure vessel



China's first tube bundle container for mixed phosphorane and hydrogen gas



### Technical features and advantages

Remote monitoring and management of equipment can significantly improve the safety and intelligence level of the LPG supply system. Since 2017, Jingmen Hongtu, together with the Sub-Technical Committee for Mobile Pressure Vessels of the National Standardization Technical Committee for Boilers and Pressure Vessels, have been dedicated to the research and development of micro-pipe network projects. After five years of dedicated research and development, Jingmen Hongtu has emerged as one of the two manufacturers to have successfully passed the "Three New (New Technologies, New Products, and New Services)" Evaluation for LPG pump trucks in China, demonstrating its exceptional prowess in the development of LPG micro-pipe network equipment. At present, Jingmen Hongtu is capable of manufacturing a wide range of tank trucks and small storage tanks, and has completed 5 to 6 demonstration scenarios.

Our high-purity ammonia pressure vessel, boasting a volume capacity of 10m<sup>3</sup> and a design pressure of 1.91MPa, is capable of loading high-purity ammonia with a purity level of 7N (99.99999%). It utilizes a multi-channel mirror polishing technique to achieve a surface roughness of less than 0.2 μm, with certain areas attaining 0.09–0.18 μm. The cleaning process with purified water removes surface adsorption, chemical reaction, particle shedding, and eliminates processing blind zones, guaranteeing an impurity level in the tank of 0.1ppm or below. Valves, meters, and safety accessories made of 316L materials, designed for high purity ammonia, can perfectly resist corrosion, thereby solidifying our dominant position in advanced precision manufacturing technology.

The tube bundle container, independently developed by CIMC, is a specialized equipment designed for the storage and transportation of the mixture of phosphorane and hydrogen gas. Traditionally, high-purity, high-pressure gas cylinders (Y-ton gas cylinders) and small gas cylinders were utilized for storing and transporting the mixture. However, our tube bundle container can store 13m<sup>3</sup> of gas, which is equivalent to 200 small gas cylinders. This innovation can significantly lower the operating costs of gas companies and represents a groundbreaking advancement in the realm of electronic gas storage and transportation equipment in China.

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### Products/Technologies

### Technical features and advantages

#### Strategic emerging products

##### Smart bus garage



Shenzhen Futian Xiasha Smart Bus Garage, featuring a fully automatic parking management system developed by CIMC, has realized digital operation and intelligent scheduling, and can greatly improve management and operational efficiency. Its innovative double-deck switching technique can meet the diverse needs of “parking, charging, scheduling and maintenance” of the new energy buses in the urban area. Compared to traditional parking spaces, this three-dimensional garage increases land use efficiency by approximately 10 times.

##### High-rise modular building



CitizenM Menlo Park Hotel: With more than 90% of the decoration works done in the factory, material loss and carbon emissions, as well as noise and dust production were minimized. Located in a region of the United States prone to earthquakes, the hotel depends solely on its modular design to resist seismic activity, with a capacity to endure forces of Grade E, equivalent to a magnitude of 8-9 on the Richter scale.

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**b. In terms of digital intelligence transformation**

Under the new round of digital economic growth driven by mobile internet and other technologies, CIMC has also been accelerating its digital construction and information transformation, demonstrating the Company’s strong innovation and ongoing expansion capabilities in the digital intelligent transformation journey, as well as its pursuit of high-quality development. **Guided by the “Digital CIMC” strategy, the Company strives to achieve the transformation from CIMC manufacturing to CIMC intellectual manufacturing.**

Product/technology name	Technical features and benefits
<b>Core Products</b>	
<p>Remote driverless boarding bridge</p> 	<p>The remote driverless boarding bridge (L4 level) has successfully performed its duty at Chengdu Tianfu International Airport: achieving remote driverless operation. Through the deployment of anti-collision ultrasonic sensors, millimeter-wave radar, laser scanners, and other technologies, it ensures that there will be no scraping or collisions, significantly improving safety. In addition, the time for bridge docking and retraction is controlled to around 50 seconds and 30 seconds respectively, a reduction of almost 40% compared to manual operation.</p>
<b>Strategic emerging products</b>	
<p>Participation in the construction of a smart logistics park integrating warehousing and sorting-Kunshan Asia No. 1 smart industrial park</p> 	<p>Providing logistics equipment and solutions for Kunshan Asia No. 1 smart industrial park, involving multiple aspects of JD.com’s supply chain, to support its intelligent upgrading and efficiency improvement. CIMC’s self-developed WCS (warehouse control system) is also widely used in warehouse management. The system can coordinate all kinds of logistics equipment, including conveyors, stackers, AGVs, RGVs, shuttles and robots, and enables the integration, centralized dispatch, and monitoring of the system interfaces of all kinds of equipment, further enhancing the refinement of warehouse management.</p>

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#### Product/technology name

#### Technical features and benefits

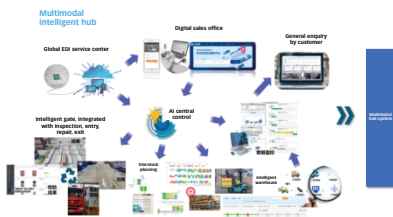
CIMC FSAI Smart Welding Workstation



The CIMC FSAI series of intelligent welding workstations consists of the “Femocam” 3D welding vision sensor and the “Fesinweld” intelligent welding system. It supports “drawing-free welding” and “model-driven welding,” enabling high-precision intelligent recognition of complex weld seams. It achieves true “programming-free and teaching-free” automatic matching of welding processes, enabling fully intelligent welding. It is widely used in the domestic construction steel structure manufacturing industry, becoming a leading brand for intelligent welding of steel structure components in China.

#### Digital intelligence transformation – innovative technologies

Intelligent multimodal transport hub project of CIMC Wetrans






Leveraging artificial intelligence, video streaming technology, high-performance computing clusters and AI algorithms, automatic intelligent methods are applied to various scenarios such as intelligent AI central control, unmanned gateways, intelligent container inspection, smart warehousing and intelligent transportation, contributing to the optimisation and automation of business processes in the logistics service industry and enabling intelligent management. The case has been successfully deployed in more than ten of CIMC Wetrans’ domestic and international hubs, enabling partners such as Dafeng Port and Baijian to complete the construction of intelligent hubs, which has played an important role in reducing costs, increasing efficiency and optimising resource allocation.

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c. In terms of green transformation

CIMC Group is actively exploring and developing the application and expansion of new materials, new processes, hydrogen and clean energy business to facilitate 3060 Carbon Peak. The Group has accelerated the development of green materials industries such as bamboo floor, renewable fiber development and continuous fiber thermoplastic composite materials, and accelerated the development of high-performance composite materials in the fields of power batteries, photovoltaic, hydrogen and clean energy, etc., and has continued to tap the potential of the industry, contributing to the green and low-carbon development of the country and enterprises.

Product/technology name	Technical features and advantages
<p data-bbox="437 886 703 944">11500TEU LNG dual fuel container vessels</p> 	<p data-bbox="804 806 979 834"><b>Core Products</b></p> <p data-bbox="804 886 1449 1187">The vessel is characterized by cleanliness, environmental friendliness, and low carbon emission, with fuel savings of approximately 5% compared to existing vessels of the same type. The Energy Efficiency Design Index (EEDI) is approximately 40% lower than the stringent International Maritime Organization (IMO) Stage III emission baseline, and the Carbon Intensity Index (CII) can be maintained in a healthy operating range until 2040, which is ahead of the market for similar vessels.</p>
<p data-bbox="395 1231 742 1259">8,200m<sup>3</sup> LNG bunkering vessels</p> 	<p data-bbox="804 1231 1449 1569">The 8,200m<sup>3</sup> LNG bunkering vessels are the first of two 8,200m<sup>3</sup> LNG bunkering vessels custom-designed for an Italian company, with an overall length of 113m, a breadth of 20m and a depth of 13.5m. This series of vessels adopts the advanced electric propulsion system, equipped with dual-fuel generating units and high-efficiency full-rotation thrusters, as well as complete LNG bunkering functions, which can be used as both transport vessels and LNG bunkering vessels, making it a dual-purpose vessel with a wide range of development prospects.</p>
<p data-bbox="395 1612 742 1670">High-performance pure electric airport fire trucks</p> 	<p data-bbox="804 1612 1449 1985">This truck accelerates from 0–80 km/h in 15.3 seconds when unloaded and has a top speed of 130 km/h; when fully loaded with 39 tonnes, it accelerates from 0–80 km/h in 19.1 seconds and has a top speed of 125 km/h, and the speed of full power spraying is more than 50 km/h. The truck has both the high liquid-carrying capacity of the primary foam truck and the high performance of the fast-response truck, and its key technical performance has fully surpassed the domestic and foreign technical standard requirements of the existing civil aviation and transport airport fire trucks, reaching a world-class level.</p>



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**Product/technology name**

**Technical features and advantages**

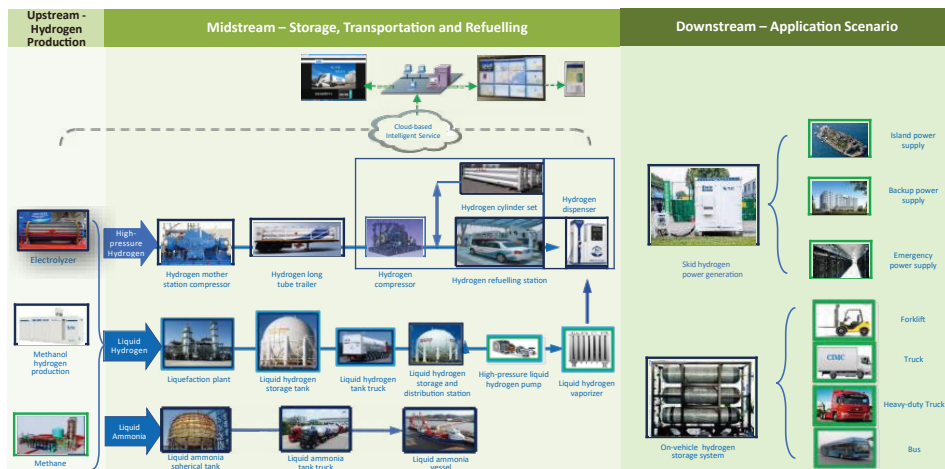
New energy mixer semi-trailer



The semi-trailer adopts independent electric power system to drive the tank to rotate, which is energy saving and environmentally friendly, and the fuel consumption of the whole truck is reduced by more than 30%; the concrete mixer semi-trailer can operate independently, and perform drop and pull operation to satisfy more application scenarios. It is light in weight; the six-axle concrete mixer semi-trailer adopts CAE structural analysis of the whole truck and lightweight design, and the whole truck is lighter than that of the competitor by more than 1 tonne, while satisfying the legal load of 14m<sup>3</sup>; it is short in length and adopts straight beam structure, with the total length of 11.9m, more than 1m shorter than the competitor, with a minimum turning radius of 7.5m, 3m smaller than that of the conventional mixer, making it adaptable to more than 90% of complex working conditions.

**Strategic emerging products**  
**Hydrogen industry: firstly built up a complete industrial chain of equipment**

Hydrogen Supply Chain Product Map



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Product/technology name	Technical features and advantages
<p data-bbox="354 476 778 539">Skid-mounted methanol steam reforming hydrogen production device</p> 	<p data-bbox="810 476 1445 950">With the technical road-map of methanol steam reforming hydrogen production, the skid-mounted design and an optimised spatial layout, the device not only occupies a small space and is innovative and energy-saving, but also has the features of “small, innovative and safe” with one-button intelligent control of hydrogen content. The size of the device can reach 100–1,000 Nm<sup>3</sup>/h, according to specific application scenarios, the system can flexibly design the production scale, process conditions and product specifications. The whole equipment adopts the full process safety and explosion-proof design, realises a fully digital intelligent control system, and realises self-diagnosis and self-adjustment in response to abnormalities, which further improves the stability of the system operation.</p>
<p data-bbox="368 996 767 1058">Green hydrogen storage medium pressure spherical tank EPC project</p> 	<p data-bbox="810 996 1445 1231">Undertook the first green hydrogen storage medium pressure spherical tank EPC project in Inner Mongolia: provided comprehensive hydrogen storage solutions and technical support for Huadian’s Inner Mongolia green hydrogen project, which is a benchmark for hydrogen storage in large-scale renewable hydrogen production and integrated application projects in China.</p>
<p data-bbox="445 1336 692 1399">30MPa hydrogen tube bundle container</p> 	<p data-bbox="810 1336 1445 1675">The 30MPa carbon fibre winding tube bundle hydrogen container can increase the hydrogen storage capacity of a long tube trailer by 200kg in the same volume, setting a record for the capacity of high-pressure hydrogen storage equipment in China. The introduction of the new 30MPa product not only greatly improves the capacity, unloading volume and transportation distance of high-pressure hydrogen trucks, but also reduces the transportation cost, which can satisfy the needs of multi-scenario, multi-purpose use of working conditions.</p>

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#### Product/technology name

#### Technical features and advantages

First ASME standard 103 MPa export steel seamless hydrogen storage vessel



The 99MPa/103MPa seamless steel hydrogen storage vessel independently developed by CIMC successfully passed the technical validation by authoritative experts in the industry and received the manufacturing license in 2022. In early 2023, the design process of the product was validated by an ASME-authorized inspection agency and passed the PED audit certification. The product has been scientifically and rigorously manufactured and verified to be fully compliant with European standards, and can be applied in 70MPa hydrogen refuelling stations or other high-pressure hydrogen storage scenarios in the world, with each performance reaching the international advanced level.

40-foot liquid hydrogen tank



Liquid hydrogen can provide high-purity hydrogen for industrial enterprises to produce semiconductors, electro-vacuum materials, electronic components, silicon wafers, photoconductive fibers, and others. It also reduces the switching frequency of the hydrogen supply system while ensuring a continuous supply of hydrogen. The 40-foot liquid hydrogen tank independently developed by CIMC has reached the international leading level in terms of performance and can be widely applied in the global market. It offers a superior solution for large-scale and long-distance intermodal hydrogen transportation.

Commercial liquid hydrogen tanker



The first commercial liquid hydrogen tanker has rolled off the production line in China, overcoming the technical challenges of ultra-low temperature liquid hydrogen insulation and hydrogen storage and transport safety, and developing key core technologies such as multi-layer insulation, ultra-low temperature system tuning and intelligent monitoring. The transport distance can reach more than 2,000km without loss. This represents a technological breakthrough in the field of high-efficiency liquid hydrogen storage and transportation equipment in China.

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Product/technology name	Technical features and advantages
<p>90MPa/1,000kg liquid-driven compressor and 45MPa diaphragm compressor</p> 	<p>Successfully launched the liquid-driven compressor and diaphragm compressor, and solved the “stuck neck” problem of the 90MPa/1,000kg liquid-driven compressor and 45MPa diaphragm compressor, achieved major technological breakthroughs in booster equipment, and accelerated the replacement of hydrogen compressors by domestic production; With a single membrane displacement of 500Nm<sup>3</sup>/h and a double membrane displacement of 1,000Nm<sup>3</sup>/h, this equipment is widely used in high-purity hydrogen filling station systems for hydrogen fuel cell vehicles. The product incorporates a large membrane, specially refined high-nickel alloy, and a high-efficiency seal structure. It offers notable features such as highly efficient cooling and energy-saving capabilities, low discharge temperature, large flow capacity, exceptional safety and reliability, convenient skid mounting, standardized design, and intelligent functionality.</p>
<p>Electrolytic water hydrogen production post-processing equipment</p> 	<p>Independent research and development of hydrogen post-processing equipment, featuring instant start-stop and wide-range adjustment, providing the industry with professional, stable, and energy-saving green hydrogen post-processing equipment and solutions. Equipped with the “SS WAC off-grid electrolyzer post-processing control module” and the “HMS 1.0 heat integrated management module,” HiPi 2.0 leads technological innovation and advancements in the industry.</p>
<p>First hydrogen refuelling station and first double-deck hydrogen bus in Hong Kong</p> 	<p>The first double-decker hydrogen bus delivered to Citybus Limited and equipped with Hong Kong’s first skid-mounted hydrogen refuelling station and a hydrogen supply system using CIMC-Hescom’s Type IV on-board hydrogen cylinders has been officially put into service. Hong Kong’s first double-decker hydrogen bus was delivered with a body design modelled on a double-decker electric bus, allowing the fastest hydrogen refuelling time of 10 minutes. The mass-produced hydrogen buses to be delivered in the future can double the hydrogen storage capacity of the first hydrogen bus and will be able to travel up to 400 kilometres on Hong Kong’s roads to meet the daily operational needs of each bus.</p>

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### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

#### Product/technology name

#### Technical features and advantages

#### Strategic emerging products—clean energy

LNG (ammonia-methanol reserved)  
stainless steel C-type tanks



The first LNG (ammonia-methanol reserved) stainless steel C-type tank, designed for carbon-neutral ammonia fuel, is set to become the world's largest and most environmentally friendly automobile carrier vessel for operation. Conventional LNG bunker tanks use 9% nickel steel, however, to meet the demand of this batch of PCTC bunker tanks to realise the conversion of LNG into ammonia, methanol, and other clean fuels, CIMC used the improved 304L stainless steel material on the LNG tanks for the first time, and reinforced the annulus to increase the additional structural design to meet the requirements of the special shape of the saddle, which successfully passed the audit by DNV Classification Society.

Largest LNG B-type liquid cargo tank  
in China



The B-type tanks are prismatic in shape, with a capacity of approximately 6,950m<sup>3</sup> per tank. Compared with the traditional C-type tanks, the B-type tanks have the advantages of high-capacity utilisation and flexible design. It is currently the largest LNG B-type liquid cargo tank in China and will be installed on a 14,000m<sup>3</sup> LNG carrier bunkering vessels. Classified by China Classification Society (CCS), the vessel can perform the dual function of one-stop LNG bunkering and transportation on the river and sea.

#### Strategic emerging products—offshore wind power & photovoltaics

New generation of integrated deep-sea  
wind power installation vessel



With a length of 133m, a width of 53m, a breath of 11m, and a maximum operating depth of over 70m, a maximum speed of 8.4 knots, a total variable payload of 11,000 tonnes, and a deck operating area of approximately 4,800 m<sup>2</sup>, it is the only new-generation wind power installation vessel capable of transporting and installing 4 sets of 12MW or 3 sets of 16MW offshore wind turbine units in China. The project has been recognised as one of the "Top Ten Scientific and Technological Innovation Achievements of Shandong Province" and has become one of the "Pillars of a Great Power" for exploring deep sea wind power resources and strengthening the capacity of offshore wind power project construction.

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Product/technology name	Technical features and advantages
<p>“Lianghai 101” offshore wind power operation and maintenance vessel</p> 	<p>“Lianghai 101” is an all-aluminium catamaran high-speed vessel, designed and built according to the international high-end wind power operation and maintenance vessel standards, with an overall length of 30.25m, a breadth of 9.5m, a draft of 1.75 m, a sailing speed of 25 knots, and a range of more than 500 nautical miles, with good seakeeping, wave resistance, rapidity, manoeuvrability and safety, and capable of meeting the operation and maintenance needs of personnel access to wind farms during the construction and building periods of deep-sea wind farms throughout China. It contributes to the operation and maintenance of offshore wind farms in Guangdong Province in the “14th Five-Year Plan” and the development of national clean energy and ocean economy.</p>
<p>The first bamboo-based composite offshore floating photovoltaic platform project in the world, “Jilin No. 1(集林一號)”</p> 	<p>The platform has a length of 7m, a width of 7m, a height of 2.4m, and a total weight of approximately 4 tonnes. It is the first time in China that a new co-developed composite material is used as the main material, opening up the experimental application of new materials in the field of floating photovoltaic platforms. The new bio-based material, is lighter in weight, lower in cost, more resistant to seawater corrosion, longer in service life, and more environmentally friendly compared to the traditional steel structure.</p>
<p>First domestically developed semi-submersible offshore floating photovoltaic power platform with independent intellectual property rights</p> 	<p>The semi-submersible offshore floating photovoltaic power platform is equipped with four individual floating arrays, with a total installed capacity of 400 kWp. The platform has a total net deck area of approximately 1,900m<sup>2</sup>. It consists of eight systems, including the floating structure support system, buoyancy material system, multi-body connection and mooring system, fender and collision prevention system, photovoltaic power generation and inverter system, intelligent monitoring system, dynamic submarine cable transmission system, and power consumption system. It is designed to safely operate in open sea areas with wave heights of up to 6.5m, wind speeds of 34m/second, and tidal differences of 4.6m.</p>

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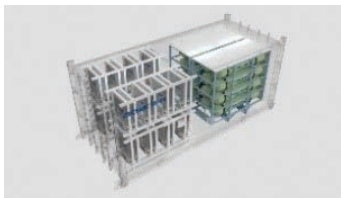
Product/technology name	Technical features and advantages
<b>In terms of green transformation–innovative technologies</b>	

The key technology of full-container powder coating and its applications



The project has been recognised for its scientific and technological achievements, and the key technologies are at an international leading level, leading the industry to become more green, low-carbon and environmentally friendly in the field of coating technology. Fully complies with HSE standards – The automatic operation of the production line has greatly reduced the number of on-site operators, thereby reducing the labour intensity and saving more than 90% of the labour cost compared with the traditional coating line; the operation process enables the complete separation of people, machines and materials, resulting in a qualitative breakthrough in the production environment; and the comprehensive application of full-container powder coating technology enables the theoretical achievement of zero waste in terms of emissions, effluents and waste materials.

Combined heat and power supply system from hydrogen



A combined heat and power supply system is a system that combines heat and power generation in the hydrogen power generation process, utilising the wasted heat from the hydrogen power generation process to provide low-cost heating for industrial or residential buildings, thereby increasing energy efficiency.

Compared to the traditional centralized energy model of production, transportation, and end-use consumption, the system delivers different types of energy directly to end-users, significantly reducing transportation consumption and offering benefits such as high efficiency, low noise, small footprint, and zero emissions.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Major research and development projects

Apart from the above, other major research and development projects of the Group are set out below:

#### a. Core businesses

Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Key manufacturing technology and industrial application of high performance thermoplastic composite boards	Improve the surface quality of products, enhance product barriers, extend the application field, and enhance the Company's influence and competitiveness in the industry.	Completed development, sales and export of steel belt machine. Development of high surface quality products is in progress.	Expand product application areas and enhance Company's revenue.	Enhance the quality and competitiveness of the Company's products through the development of high surface quality products, laying the foundation for its entry into the high-end field.
Laser die cutting machine	Give full play to the advantages of the technical precipitation of marine equipment, promote the iteration of industry technologies, reduce costs and increase efficiency, expand the market of key equipment for new energy production lines, and increase market share.	Completed the research and development of entire machine, obtained 5 patents, and completed the sales and delivery of the first set of machine.	Promote batch standardization, develop industry-leading products and supply them to mainstream head customers.	Form the cornerstone of profitability for the long-term and steady development of this business field.



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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Research on pilot operation of double-trailer trains and the formulation and research of national standards	In order to improve the efficiency of road transport and crack the problem of violations such as extra-long container transport semi-trailers, promote energy saving and emission reduction, study the transport mode and products of modular double-trailer trains, and promote the Ministry of Transport to carry out the pilot demonstration operation of the double-semi-trailer trains, and expand market size and provide new product models for the development of CIMC semi-trailers.	Completed prototype development and trial production, and the performance test of three combination models.	Complete the development of the prototype of three combination models of container transport semi-trailers, namely 20ft + 20ft, 20ft + 40ft and 40ft + 20ft; research and test on the passability, stability, braking and power of the prototype container double semi-trailer trains, issue the test report; and promote the development of double semi-trailer train standards and revise the Road Traffic Safety Law of the People's Republic of China.	Expand new fields and profit growth points of the Company's semi-trailer business; and enhance the Company's capability in product development and standard leadership of double-trailer trains, provide customers with transport capacity of large volume and super-large load, and comply with relevant national standards.
45ft Curtain sider-R project	Develop 45-ft curtain side box series products for road-rail intermodal transport for the European market, and improve the R&D capability and talent training in curtain side box products.	Completed the trial production of the first experimental prototype and the first round of strength test.	Define the product type of 45-foot curtain side boxes, and develop lightweight curtain side boxes that meet the requirements of European regulations and the needs of European customers.	The Group develop curtain side boxes for road-rail intermodal transport in Europe for the first time, accumulating R&D capabilities and enhancing the competitiveness of the products; and lay a technical foundation for the development of the European curtain side boxes and curtain side semi-trailer market.

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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Intelligent tailboard serialisation development	To meet the growing demand of large logistics enterprises for the high-efficiency loading and unloading equipment of automated and intelligent vans, and develop intelligent tailboard series products to promote the market expansion of van business.	The project has been completed and accepted.	Complete the development of all series of tailboards in the tailboard spectrum, and the technical development, prototype manufacturing and test verification of cantilevered, vertical and electric tailboards. Make technical reserve for the further exploration of efficient intelligent logistics equipment, such as roll-up door and cage cars.	Smart tailboard serialised products have pipeline and installation advantages in the market, providing customers with an integrated and one-stop solution of compartments and tailboards. As a value-added service, smart tailboard started to support the strategy of CKD shipment of compartments and local assembly, which has improved the competitiveness of compartments.
European refrigerated semi-trailer ME_V&V development project	Develop refrigerated semi-trailer products for the South African market to enhance the market competitiveness of the Company's refrigerated semi-trailers.	Completed prototype trial production, theory verification and strength test.	Carry out the design, simulation analysis, process verification and test verification of European refrigerated semi-trailer products, complete the R&D process of European refrigerated semi-trailers, and develop refrigerated semi-trailer products to meet the demand from the European market.	Accumulate the technical capability on the European refrigerated semi-trailer production and improve the competitiveness of the products, thus laying the foundation for the Company's subsequent development of refrigerated semi-trailer products in the European market.
Development of barley lees separation system	Research and develop beer lees drying system & crushing system, recycling beer lees, extracting protein, cellulose, etc., which can be used in the field of food, and increasing the value of using lees.	Verification test	The beer lees with 80% water contained are eventually crushed into 400 mesh fine powder, which will be a major innovation and breakthrough in the entire domestic beer industry.	The Company conducted in-depth development of the brewing industry, facilitating the recycling of wine lees in the brewing industry, which is green and environmentally friendly.

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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Research on powder coating technology for tanks	Replace the traditional painting process to meet the environmental protection and emission requirements, and study the feasibility and process test of powder coating.	Completed	Construct and put into operation the first paint spraying line with ultra-low emission of VOCs in the tank box industry. Upgrade the traditional paint spraying process to powder spraying, replacing it from the source, reducing VOCs emissions, improving coating quality and operating environment, and reducing labour intensity.	As the world's largest tank box manufacturer and a domestic manufacturing enterprise using traditional painting technology, it plays a role in green leadership, source substitution and industry demonstration, and promotes the green development of the industry.
Technical research on aerogel insulation materials in low temperature storage tanks	Based on the research and development of insulation materials for low-temperature storage tanks, explore new insulation materials to reduce manufacturing costs.	In the process of project completion	Jointly research and develop with universities to form the preparation method of low-temperature storage tank aerogel insulation materials.	Improve the Company's R&D level, making the cryogenic storage tank EPC project to have greater industry competitiveness.
46m aerial platform fire trucks	The parameters for the whole vehicles are set with reference to the Bronto model, adopting a series of models for overall design, and the boom is designed for the generalisation of similar models.	Verification stage	Strengthen the technical research, optimise the boom structure, and the boom cross-section by reducing weight, on the premise of ensuring its strength, and seize the market of aerial fire trucks.	Accelerate the technological upgrading, promote the rapid development and launch of new product series, enrich the product line of fire trucks, and enhance the competitiveness of the fire truck in the market.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Intelligent control and management system for fire fighting vehicles	Use of wireless control terminals to control firefighting vehicles from a distance, while the collected vehicle data is transmitted back to the command centre to provide data support for the command of emergency rescue persons.	Mass production stage	Integrate the chassis and top-loading control system by using Internet of Things (IoT) technology, and remotely control the chassis power system, fire-fighting hydraulic system, and top-loading electrical system of the fire-fighting vehicles within a range of 200 metres; realise the one-click intelligent operating system to effectively reduce operation steps and enhance the fire-fighting efficiency.	Accelerate technology upgrading, promote the development of new product series, enrich the product line of fire trucks, and enhance the competitiveness of the fire truck in the market.
Large petrochemical Class B CAFS fire extinguishing system	Specially design for heavy and large petroleum and chemical fires. The foam liquid and water consumption is small, the total output flow is large, and the fire suppression ability is strong. It can automatically adjust water flow and foam flow, and accurately control the mixing ratio of compressed air foam. The compressed air foam sprayed by the system is stable, and the relevant parameters are at the domestic advanced level.	Small-batch production stage	It is applicable to petroleum, chemical and other large-scale hazardous places; it boasts of excellent fire extinguishing performance, enhanced suppression of fire, strong anti-reignition ability and good anti-burning performance; it has high degree of automation: one-click intelligent fire extinguishing control system and, if equipped with a quick operating module, it can realise the spraying of water and foam with a click, thus effectively reducing operating steps and accelerating fire extinguishing.	Accelerate the technological upgrading, promote the research and development of new product series, enrich the product line of fire trucks, and enhance the competitiveness of the fire truck in the market.

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#### b. Strategic new businesses

Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
The thermal management and temperature control analysis of air-cooled energy storage systems	Promote the rapid development of the Company's energy storage integration technology, and cooperate with famous universities in the production-university-research cooperation to carry out research, tackling and breakthroughs in key technologies.	Completed	It has the ability to analyse thermal management of air-cooled energy storage systems; and train energy storage thermal management professionals for subsequent products.	Through the research and development of thermal management of air-cooled energy storage system, the Company has the ability to analyse the thermal management of energy storage products and the corresponding technical reserves, and the core competitiveness of the Company has been strengthened.
Development of direct-cooled industrial and commercial energy storage	Expand new businesses, enrich the Company's product lines, and establish differentiated competitive advantages.	The R&D has been completed and the samples are now in the trial production stage.	Expand new products; and utilise new direct-cooled industrial and commercial storage to establish differentiated competitive advantages.	The development of direct-cooled industrial and commercial energy storage has expanded the Company's product line and provided technical support for the optimisation and improvement of subsequent large-scale storage.
The R&D and application of land-based circulating water aquaculture system equipment	Conduct the research and development of land-based dual-cycle aquaculture system equipment, fishery engineering machinery and digital fishery platform, as well as aquaculture technology, laying the foundation for achieving industrial scale development at the application side.	Achieved high-yield aquaculture of three species, namely crispy snapper, California seabass and South American white shrimp, by using the "double-cycle" aquaculture system equipment and digital fishery platform, and the AGV intelligent feeding.	Equip and operate aquaculture systems, standardise aquaculture management, and resource aquaculture pollutants.	Aiming at the national goal of "basically realising the modernisation of fisheries by 2035", the Company continued to optimise the layout of the whole industry chain of aquaculture, transport and processing of live fish, and terminal sales, so as to contribute to the high-quality development of China's modern fisheries industry, and boost the economic benefits of aquaculture.

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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
The tank-change mode solution of LNG-powered ships	Research on the overall replacement and refuelling mode of fuel tanks of LNG-powered ships, and diversify fuel replenishment methods for LNG-powered ships, so as to accelerate the application of LNG in the water transport industry and provide important support for promoting energy conservation and emission reduction in the water transport industry.	Undertook the tank replacement low-carbon power and intelligent technology research and demonstration project for the 2030 Yangtze River 10,000-tonne bulk carriers of the Ministry of Industry and Information Technology.	Construct a new clean energy supply model for ships with the "LNG tank replacement fuel tanks" as the carrier; and promote the demonstration of the tank replacement model for ships on the Yangtze River mainline.	Expand the application scenarios of LNG tanks and drive the market demand for LNG tanks with the huge volume of inland water transport vessels.
The core process and device for Helium extraction from liquefied natural gas	Adsorb and purify by the distillation process to get pure helium, and achieve the goal of using less process equipment at low cost.	The preliminary process design has been completed.	Reduce costs and energy consumption.	Expand new business areas, enhance product competitiveness, and increase the Company's output value.
Key technology and application of 70MPa vehicle-mounted hydrogen storage cylinder	Comprehensively master the design of on-vehicle 70MPa high-pressure hydrogen storage cylinders and key technologies and processes, and completed the construction of demonstration lines.	The project has been completed in early 2024.	Complete the research and development of key product technologies, and build the first demonstration line with a localisation rate of over 85% in Hebei Province.	This project is a major science and technology project in Hebei Province, which will promote the long-term development of hydrogen energy industry chain in Hebei Province and enhance the social influence of CIMC brand.

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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Carbon dioxide energy storage project	Provide liquid carbon dioxide energy storage containers in batch to help Bairang (百穰) to realise the world's first commercial demonstration project of new compressed energy storage, solving the industry's pain points, promoting the innovation of energy storage technologies and meeting the matching demand of new energy power.	Completed the world's first carbon dioxide energy storage technology validation project; and participated in the new energy storage pilot project of the National Energy Administration in 2023.	Efficiently utilise peak and valley power to solve pain points in the industry, promote the commercialisation and scaled application of new energy storage technologies, and contribute to the realisation of the "dual-carbon" goal.	The demonstration significance of this project is remarkable, proposing innovative solutions to the challenges of traditional energy storage. Facing the surge in demand for new energy power in China and the "dual-carbon" goal, CIMC focus on the new energy storage market, provide high-quality solutions, and first seize opportunities in the market.
"Propane Distributed Clean Energy Application" project	Transform the original discrete gas supply into distributed centralised supply, to reduce the cost of gas, ensure the safety of use, and break the deadlock of seasonal "gas shortage" and "difficult to use gas".	It was the first in China to obtain the "Three New Technologies" Review Licence Certificate from the National Bureau of Energy; completed the compilation and release of three social group standards.	Solve the pain point of frequent gas accidents; lead the upgrading of industry standards; promote the localisation of key products.	It opens a new mode of green and clean energy application, helps the Company becomes a distributed clean energy EPC integrated solution provider, and opens up new business growth points.

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Name of major R&D project	Purpose of project	Progress of project	Intended target	Expected impact on future development of the Company
Hydrogen energy equipment (storage tank)	Research and develop civil liquid hydrogen storage tanks, breaking the foreign technical barriers.	Liquid hydrogen prototype tank passed the three new technology review, and entered into the contract for the first civilian liquid hydrogen storage tank.	Research and develop the 60m <sup>3</sup> horizontal liquid hydrogen storage tanks, making technical preparations for the next step to develop the market of small and medium-sized liquid hydrogen containers and enter the market of liquid hydrogen storage and transportation.	It fills the domestic blank and meets the urgent demand of hydrogen energy industry for hydrogen energy storage and transport equipment. It marks the Company's important position and future development potential in the field of liquid hydrogen storage technology, and makes significant contributions to the development of China's new energy industry and the adjustment of energy structure.
R&D of CO <sub>2</sub> recovery system	Solve the pollution problem of direct CO <sub>2</sub> emission and realise zero emission in craft beer production; the recovered CO <sub>2</sub> can be reused at food grade and generate new value.	The overall plan design has been completed.	The rate and quality of recovery reach the international leading technical standard.	Enhance the Company's overall position in the beer equipment industry and improve technical capability in the overall turnkey projects.
Key technologies and equipment of CCUS	China's CCUS industry is still in the early stage of commercialisation. From a technical perspective, there is still a lack of mature technology to learn from in some key aspects.	The R&D has been completed.	Develop the absorbent for the capture system, and develop the process package and core equipment technologies for the absorbent.	Form a new industrial direction.



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During the Reporting Period, the Group and its subsidiaries were recognised with a number of industry awards and authoritative certifications.

<b>Project/Product Name</b>	<b>Awards/Certifications</b>
Door seal enhancement mechanism and dry bulk containers with it	China Patent Excellence Award
Key technology and application of large-scale modernised deep-sea aquaculture equipment involving manufacturing, and protection of intelligent operation and maintenance	The First prize for Scientific and Technological Progress in Shandong
Independent research and development and industrialisation of large-scale deep-sea aquaculture net box	The First prize for Scientific and Technological Progress in Shanghai
Development and application of new technologies for industrial digital imaging non-destructive testing	The Second Prize for Scientific and Technological Progress in Hubei
R&D of key technologies and equipment for emergency decontamination and disposal of hazardous chemical accidents	The Third Prize for Scientific and Technological Progress in Hubei
R&D and industrialisation of key technologies for complete sets of marine LNG power systems	The Third Prize for Scientific and Technological Progress in Jiangsu
Innovation and application of key technologies for inland multimodal transportation equipment	The Third Prize for Scientific and Technological Progress in Jiangsu
Key technologies for efficient, intelligent and comprehensive utilisation of long-cycle non-destructive and lightweight LNG and their applications	The Third Prize for Scientific and Technological Progress in Jiangsu
Container intelligent manufacturing factory based on 5G full connectivity	The Industrial Internet Pilot Demonstration Project of MIIT in 2022
CIMC Wetrans multimodal transportation intelligent hub	The TOP30 Innovation Cases in Port, Shipping and Logistics Industry in 2023
Propane distributed clean energy application	The LPG Innovation and Exploration Award in 2022
5,800m lane dual-fuel ice-class ro-ro cargo ship	The Roll-on Roll-off Vessel Technology and Environment Award in 2023
New-generation deep and far sea integrated large wind power installation vessel	The Top 10 Scientific and Technological Innovations of Shandong Province in 2023

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### The R&D Staff of the Company

	2023	2022	Percentage of change
<b>Number of R&amp;D personnel</b>	<b>5,698</b>	4,989	14.21%
<b>Number of R&amp;D personnel as a percentage</b>	<b>11.25%</b>	9.68%	16.22%
<b>Composition of R&amp;D personnel by education background</b>			
Bachelor's Degree	<b>3,576</b>	3,128	14.32%
Master's Degree	<b>536</b>	458	17.03%
<b>Composition of R&amp;D personnel by age</b>			
Below 30 years old	<b>1,452</b>	1,190	22.02%
30-40 years old	<b>2,736</b>	2,367	15.59%
Above 40 years old	<b>1,510</b>	1,432	5.45%

### Company's investment in research and development

	2023	2022	Percentage of change
Amount of R&D investments (RMB'000)	<b>2,444,553</b>	2,520,396	(3.01%)
R&D investment as a percentage of operating revenue	<b>1.91%</b>	1.78%	0.13%
Amount of R&D investments capitalised (RMB'000)	<b>32,970</b>	21,389	54.14%
Capitalised R&D investment as a percentage of R&D investment	<b>1.35%</b>	0.85%	0.50%

Note: The amount of R&D investments is based on the consolidated financial statements.

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#### Reasons for and effects of significant changes in the composition of the Company's R&D personnel

Applicable Not applicable

#### Reasons for significant changes in the proportion of total R&D investments to operating revenue as compared with the previous year

Applicable Not applicable

#### Reasons for significant changes in the capitalisation rate of R&D investments and explanation of its reasonableness

Applicable Not applicable

#### 4. Cash Flows

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%

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable   Not Applicable

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 in 2023.

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

Applicable   Not Applicable

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## (II) ANALYSIS OF NON-PRINCIPAL BUSINESSES

✓Applicable    □Not Applicable

Unit: RMB thousand

Items	Amount	Percentage in total profit	Explanation on the formation	Sustainable or not
Asset impairment losses	526,314	18.57%	Mainly represents the losses on bad debts of advance to suppliers, impairment losses on inventories and impairment losses on costs incurred to fulfil a contract.	No
Credit impairment losses	144,609	5.10%	Mainly represents the losses on bad debts of account receivables.	No
Investment losses	(334,453)	(11.80%)	Mainly represents gain on disposal of long-term equity investments, loss on disposal of derivative financial instruments and gain on equity method adjustment of long-term equity investments for the Year.	No
Losses on changes in fair value	(611,385)	(21.57%)	Mainly represents loss arising from change of fair value of derivative financial instruments for the Year. For details of the Group's investments in derivative financial instruments during the Reporting Period, please refer to "(3) Derivatives Investments" of "4. Financial asset investments" under "VI. Investment Analysis during the Reporting Period" in this chapter.	No

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (III) ASSETS AND LIABILITIES

#### 1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of 2023		As at the end of 2022		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Financial assets held for trading	337,756	0.21%	1,060,953	0.73%	(68.16%)	Mainly due to the decrease in monetary funds purchased and invested by Finance Company for the Year.
Derivative financial assets	301,355	0.19%	160,660	0.11%	87.57%	Mainly due to changes in fair value of derivative financial instruments for the Year.
Receivables financing	1,062,258	0.66%	628,967	0.43%	68.89%	Mainly due to the increase in bank acceptance bills classified as receivables financing for the Year.
Other receivables	4,569,110	2.82%	3,252,724	2.23%	40.47%	Mainly due to the increase in the assets held under resale agreements for the Year.
Advances to suppliers	8,483,630	5.24%	6,023,481	4.13%	40.84%	Mainly due to the increase in operating prepayments for the Year.
Assets held for sale	402,175	0.25%	2,166,440	1.48%	(81.44%)	Mainly due to the deconsolidation of C&C Trucks during the Year.

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	As at the end of 2023		As at the end of 2022		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Other current assets	1,801,804	1.11%	1,305,318	0.89%	38.04%	Mainly due to the increase in the tax to be deducted/withheld during the Year.
Contract assets	7,198,173	4.45%	3,927,838	2.69%	83.26%	Mainly due to the increase in the balance of offshore engineering and energy and chemicals contract assets during the Year.
Other non-current financial assets	454,324	0.28%	126,060	0.09%	260.40%	Mainly due to the increase in equity investments at fair value through profit or loss during the Year.
Intangible assets	5,873,962	3.63%	4,331,430	2.97%	35.61%	Mainly due to the increase in land use rights purchased during the Year.
Deferred tax assets	1,514,656	0.94%	1,106,771	0.76%	36.85%	Mainly due to the increase in the deductible temporary differences arising from deductible losses during the Year.
Short-term borrowings	12,400,861	7.67%	4,370,714	3.00%	183.73%	Mainly due to the new guaranteed borrowings and unsecured borrowings during the Year.
Notes payables	4,681,963	2.89%	3,129,916	2.15%	49.59%	Mainly due to the increase in the bank acceptance notes payable during the Year.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

	As at the end of 2023		As at the end of 2022		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Liabilities held for sale	–	–	1,984,154	1.36%	(100.00%)	Mainly due to the deconsolidation of C&C Trucks during the Year.
Taxes payable	1,170,035	0.72%	4,903,749	3.36%	(76.14%)	Mainly due to the final settlement and payment of the enterprise income taxes for 2022 during the Year.
Other current liabilities	3,028,367	1.87%	550,234	0.38%	450.38%	Mainly due to the issuance of super & short-term commercial papers during the Year.
Deferred tax liabilities	567,155	0.35%	290,953	0.20%	94.93%	Mainly due to the expanded application of the tax policy of “accelerated depreciation of long-term assets” and the increase in the taxable temporary differences arising from gross profit of overseas projects during the Year.

### The overseas assets take a relatively high proportion of total assets

Applicable  Not Applicable



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#### 2. Assets and Liabilities Measured at Fair Value

Unit: RMB thousand

	Balance at beginning of the Year	Profit or loss arising from changes in fair value for the Year	Cumulative changes in fair value recognised in equity	Impairment provisions accrued for the Year	Balance at end of the Year
<b>Financial assets:</b>					
1. Financial assets held for trading	1,060,953	1,992	-	-	337,756
2. Derivative financial assets	160,660	140,695	-	-	301,355
3. Investments in other equity instruments	2,699,048	-	172,190	-	2,168,803
4. Receivables financing	628,967	-	-	233	1,062,258
5. Other non-current financial assets	126,060	65,829	-	-	454,324
Sub-total of financial assets	4,675,688	208,516	172,190	233	4,324,496
<b>Investment properties</b>	1,453,007	(16,536)	-	-	1,369,993
Total	6,128,695	191,980	172,190	233	5,694,489
<b>Financial liabilities</b>	(1,364,942)	(803,365)	-	-	(1,777,297)
Total	4,763,753	(611,385)	172,190	233	3,917,192

#### 3. Restricted Asset Rights as at the End of the Reporting Period (Including but Not Limited to 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). For details of the Group's pledge of assets, please refer to note IV. 27 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Fixed Assets

As at 31 December 2023, the Group's fixed assets amounted to RMB40,354.816 million (31 December 2022: RMB39,202.494 million). Changes to the fixed assets of the Group during the Reporting Period are summarised in note IV. 18 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

#### **(IV) Land Value Appreciation Tax**

Land value appreciation tax paid by the Group for 2023 was 0 (2022: RMB2,553,000).

#### **(V) 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). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in shareholders' equity and the statement of changes in shareholders' equity in "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

#### **(VI) 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, 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.

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### (VII) Provision for Impairment Losses

During the Reporting Period, 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%. For details, please refer to note IV. 61 and 62 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

### (VIII) 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%.

### (IX) 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). For details, please refer to note IV. 1 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

For details of the cash flow data of the Group during the Reporting Period, please refer to "4. Cash Flow" of "(I) Analysis of Principal Businesses" of "V. Analysis of Financial Data" of this chapter and note IV. 67 and 68 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE".

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.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### (X) 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). Details of bank loans and other borrowings of the Group as at 31 December 2023 are set out in note IV. 28, 37, 38, 39 and 40 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report. During the Reporting Period, the Group did not have any overdue borrowings.

Unit: RMB thousand

	As at 31 December 2023	As at 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
<b>Total</b>	<b>39,180,268</b>	<b>26,432,937</b>

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. For details, please refer to note IV. 28 and 39 and note XVI. 1(2) to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

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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. For details, please refer to note IV. 40 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

### (XI) 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). For details of other equity instruments of the Group during the Reporting Period, please refer to note IV. 45 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

### (XII) 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). For the significant changes in the Group's assets and liabilities during the Reporting Period, please refer to "(III) Assets and Liabilities" of "V. Analysis of Financial Data" of this chapter.

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.)

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### (XIII) Market Risks

#### 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. For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to notes IV. 3, 15 and 43 and XVI. 1. (1) to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

#### 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. For details, please refer to notes IV. 3 and 43 and XVI. 1(2) to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

### (XIV) Credit Risk

The Group's exposures to credit risk are mainly attributable to cash at banks and on hand, notes receivables, 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 as set out in note X to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report, 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. For details, please refer to note XVI. 2 to "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this Report.

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#### (XV) 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 XI. 1(1) to “Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE” in this Report.

#### (XVI) Contingent Liability

For details of the Group’s contingent liabilities, please refer to note X to “Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE” in this Report.

## VI. INVESTMENT ANALYSIS DURING THE REPORTING PERIOD

### 1. General information

Applicable   Not Applicable

Unit: RMB thousand

Investment amount in the Reporting Period	Investment amount in the same period last year	Change
2,089,289	2,967,474	(29.59%)

### 2. Material equity investments during the Reporting Period

Applicable   Not applicable

### 3. Material non-equity investments in progress during the Reporting Period

Applicable   Not Applicable

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### 4. Financial asset investments

#### (1) Securities investments

Applicable  Not Applicable

Unit: RMB thousand

Type of security	Stock code	Abbreviation of stock name	Initial investment cost	Model of accounting measurement	Opening carrying amount	Profit or loss arising from changes in fair value during the period	Cumulative change to equity	Purchases during the period	Disposal during the period	Gains or losses during the Reporting Period	Closing carrying amount	Classification in accounting	Source of fund
Domestic and overseas shares	SSE: 601966	Linglong Tire	68,640	Measurement at fair value	66,834	(3,938)	-	-	1,360	(3,674)	61,536	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	HKEX: 02418	Deewin Tianxia	41,361	Measurement at fair value	22,209	18,055	-	-	46,500	24,489	-	Financial assets held for trading	Self-owned funds
Domestic and overseas shares	SZSE: 002960	Jade Bird Fire	1,200,000	Measurement at fair value	1,398,917	-	(300,775)	-	-	14,994	899,225	Other equity investments	Self-owned funds
Domestic and overseas shares	SZSE: 000012	CSG A	67,407	Measurement at fair value	69,353	-	(9,837)	-	-	1,550	57,570	Other equity investments	Self-owned funds
Total			1,377,408	-	1,557,313	14,117	(310,612)	-	47,860	37,359	1,018,331	-	-
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Board			Not applicable										
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Shareholders' general meeting (if any)			Not applicable										



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#### (2) Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held (thousand shares)	Percentage of shareholding (%)	Book value at the end of the year	Profit or loss during the Reporting Period	Change in equity during the Reporting Period	Classification in accounting	Source of shareholding
ASX: OEL	OttoEnergy	13,480	13,521	0.36%	1,051	-	222	Other equity investments	Share acquisition
HKEX: 00697	Shoucheng	182,212	209,586	2.87%	298,691	-	(57,021)	Other equity investments	Share acquisition
HKEX: 206	CMIC Ocean	204,326	185,600	5.72%	51,719	4,998	629	Long-term equity investments	Share acquisition
STAR Market: 688315	Novogene	13,244	795	0.22%	18,547	(2,986)	-	Financial assets held for trading	Share acquisition
SZSE: 001213	CRSCL	161,563	40,000	0.90%	168,000	-	(4,800)	Other equity investments	Share acquisition
Total		574,825			538,008	2,012	(60,970)		

#### (3) Derivatives Investments

Applicable    Not Applicable

##### Derivatives investments for the purpose of hedging during the Reporting Period

Applicable    Not Applicable

Unit: RMB thousand

Type of derivatives investment	Initial investment amount	Profit or loss arising from changes in fair value for the Period	Cumulative changes in fair value recognised in equity	Purchase during the Reporting Period	Sale during the Reporting Period	Amount at the end of the Reporting Period	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period
Foreign exchange forward contracts	19,731,076	(247,839)	-	-	-	31,797,854	66.44%
Foreign exchange option contracts	426,512	(78,666)	-	-	-	4,934,744	10.31%
Currency swap contracts	-	21,722	-	-	-	1,295,580	2.71%
Interest rate swap contracts	1,741,150	4,540	-	-	-	1,773,400	3.71%
Steel future contracts	-	(33)	-	-	-	-	-
Total	21,898,738	(300,276)	-	-	-	39,801,578	83.17%

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<p>Explanations on the accounting policies and specific accounting principles on the hedging business for the Reporting Period as well as whether there are any significant changes compared with those for the last reporting period</p>	No
<p>Explanations on the actual profit or loss during the Reporting Period</p>	<p>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.</p>
<p>Explanation on hedging effect</p>	<p>In general, the foreign exchange derivatives hedging business of the Group has followed the risk-neutral and value-preserving principles and speculative transactions have been prohibited. Under the background of significant fluctuation of RMB against US dollars, the Group has basically achieved management goals of neutral exchange rate risk and value preservation, but has borne high hedging cost for derivatives.</p>
<p>Source of funds for derivatives investments</p>	<p>Self-owned funds, which do not involve the use of proceeds for derivatives transactions.</p>

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<p>Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)</p>	<p>As at 31 December 2023, the derivative financial instruments held by the Group were mainly foreign exchange forward contracts, foreign exchange option contracts, currency swap contracts, interest rate swap contracts and steel future contracts. The risks carried by foreign exchange forwards and foreign exchange option were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The risks of currency swap contracts were related to the fluctuations of exchange rates and interest rates for swap currencies. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks in steel futures contracts were related to fluctuations in future and spot prices of the contract subjects. The Group's control measures on the derivative financial instruments were mainly reflected in: based on the actual business background and needs of the Group's operations, the Group adhered to the fundamental principles of risk neutrality and hedging and prohibited speculative transaction; as for derivatives transactions, the Group formulated rigorous internal approval systems and business operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.</p>
<p>Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives</p>	<p>From January to December 2023, the Group's loss arising from changes in fair values of the derivative financial instruments was RMB300.276 million. Fair values of the derivative financial instruments of the Group were determined based on quoted market price of external financial institutions.</p>
<p>Litigation case (if applicable)</p>	<p>None</p>
<p>Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any)</p>	<p>28 March 2023</p>
<p>Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)</p>	<p>26 April 2023</p>

## 5. Use of Raised Proceeds

### (1) Use of Raised Proceeds by the Company

The Company did not use the raised proceeds during the Reporting Period.

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### (2) Use of Raised Proceeds by Subsidiaries of the Company

#### Use of Proceeds raised from the A Share Issuance of CIMC Vehicles

##### General Use of Raised Proceeds from A Share Issuance

The application for registration of shares in the CIMC Vehicles' initial public offering was approved in accordance with the Reply in Relation to Approval for Registration of Shares in Initial Public Offering of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1719) issued by the China Securities Regulatory Commission on 18 May 2021. With the consent of the Shenzhen Stock Exchange, CIMC Vehicles issued 252.6 million ordinary shares (A shares) with a par value of RMB1.00 each and raised total proceeds of RMB1,758.096 million, at an issue price of RMB6.96 per share, in the initial public offering. After deducting the issue expenses (including underwriting and sponsoring fees (value-added tax exclusive) and other issue expenses) of RMB174.3192 million, the net proceeds from A share offering were RMB1,583.7768 million, and the net issue price was approximately RMB6.27 per A share. The A share offering was conducted through a combination of targeted placement to strategic investors, placement to qualified investors through offline price consultation process and subscription by public investors at a price fixed according to market value. CIMC Vehicles was listed on the ChiNext Market of the Shenzhen Stock Exchange on 8 July 2021 when the closing price of A Shares was RMB15.49 and HK\$7.13 on the Hong Kong Stock Exchange. For detailed information about the proceeds from A share issuance of CIMC Vehicles, please refer to its relevant announcement disclosed on 21 March 2024. As of 31 December 2023, the actual use of the raised proceeds from A share issuance of CIMC Vehicles was as follows:

Unit: RMB ten thousand

Year of raising	Method of raising	Total proceeds	Net proceeds	Total proceeds utilized during the current period	Total cumulative amount of proceeds utilised	Total proceeds with change in use during the Reporting Period	Total cumulative amount of proceeds with change in use	Proportion of cumulative amount of proceeds with change in use	Total unutilized proceeds	Use and status of unutilized proceeds	Total amount of idle proceeds for over two years
2021	Initial public offering	175,809.60	158,377.68	13,331.43	86,336.58	46,095.80	46,095.80	29.10%	77,272.01	Placed at the designated proceeds account	-
Total	-	175,809.60	158,377.68	13,331.43	86,336.58	46,095.80	46,095.80	29.10%	77,272.01	-	-



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### Change of Projects of the Proceeds from A Share Issuance

Unit: RMB ten thousand

Changed Projects	Corresponding Original Committed Projects	Total Proceeds Intended to be Invested in the Changed Projects <sup>(1)</sup>	Actual Investment during the Reporting Period	Accumulated Actual Investment as at the end of the Period <sup>(2)</sup>	Investment Progress as at the end of the Period (3)=(2)/(1)	Date on Which the Project is Ready for its Intended Use	Benefits Generated during the Reporting Period	Whether the Expected Benefits are Achieved	Whether There are Significant Changes in the Changed Project Feasibility
Star-chained Semi-trailer Sophisticated Manufacturing Line Upgrade Project	-	37,010.80	5,751.12	5,751.12	16%	August 2025	Not applicable	Not applicable	No
Champion Tanker Sophisticated Manufacturing Line Upgrade Project	-	8,006.00	2,305.79	2,305.79	29%	August 2026	Not applicable	Not applicable	No
Terabyte Truck Body Sophisticated Manufacturing Line Upgrade Project	-	1,079.00	-	-	0%	August 2025	Not applicable	Not applicable	No
<b>Total</b>	<b>-</b>	<b>46,095.80</b>	<b>8,056.91</b>	<b>8,056.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<p>Reasons for changes, decision-making process and disclosure of information (by specific project)</p>	<p>On 27 March 2023, CIMC Vehicles convened the fourth meeting of the second session of the board of directors for 2023 and the third meeting of the second session of the supervisory committee for 2023, and convened the annual general meeting for 2022 on 25 May 2023, at which the Resolution on Re-demonstration and Termination of Certain A Share Proceeds-funded Projects was considered and approved, authorizing the Company to terminate the sub-projects of the “Light Tower Plant upgrade and construction project”, namely the project for upgrade and technology transformation of coating lines, the project for digital upgrade of semi-trailers of Yangzhou Tonghua and the “new marketing construction project”. For specific details, please refer to the Announcement on Re-demonstration and Termination and Postponement of Certain A Share Proceeds-funded Projects (Announcement No.: 2023-031) of the Company disclosed on 28 March 2023 on the website of Cninfo.</p> <p>CIMC Vehicles convened the seventh meeting of the second session of the board of directors for 2023 and the sixth meeting of the second session of the supervisory committee for 2023 on 23 August 2023, and convened the third extraordinary general meeting for 2023 on 20 September 2023, at which the Resolution on Termination and Changes of Certain A Share Proceeds-funded Projects was considered and approved, authorizing CIMC Vehicles to terminate the sub-projects of Digital Transformation, Research and Development Project, namely Semi-trailer Core Module Digitalisation Upgrading Project and New Generation Intelligent Refrigerated Van Truck Bodies Module Digitalisation Upgrading Project, and also the sub-projects of Light Tower Plants Upgrade and Construction Project, namely Project on Walking Mechanism Products (Axle and Suspension) with An Annual Production Capacity of 50,000 Sets in line with the actual situation of the A Share proceeds-funded projects; authorizing the use of RMB460,958,000 out of the A Share Proceeds for the “Star-chained Semi-trailer Sophisticated Manufacturing Line Upgrade Project”, the “Champion Tanker Sophisticated Manufacturing Line Upgrade Project” and the “Terabyte Truck Body Sophisticated Manufacturing Line Upgrade Project”.</p> <p>On 21 March 2024, CIMC Vehicles convened the third meeting of the second session of the board of directors for 2024 and the third meeting of the second session of the supervisory committee for 2024, at which the Resolution on Re-demonstration and Termination of Certain A Share Proceeds-funded Projects was considered and approved, the Company intended to terminate the sub-projects of the “Star-chained Semi-trailer Sophisticated Manufacturing Line Upgrade Project”, namely the “Baiyin Star-chained Semi-trailer Sophisticated Manufacturing Line Upgrade Project”, and the “Terabyte Truck Body Sophisticated Manufacturing Line Upgrade Project”. The resolution is subject to the consideration at the general meeting of CIMC Vehicles.</p>
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Information on and reasons for the failure to get ready for the intended use or achieve expected benefits (by specific project)	Not applicable
Description of significant changes in the feasibility of the changed project	Not applicable

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### Utilization of Proceeds from the H Share Offering

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

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

On 1 January 2023, the net proceeds from H shares carried forward by CIMC Vehicles from the previous year were approximately HK\$79.3 million. The use of the net proceeds from the H share offering and its utilization as of 12 December 2023, which are intended to be utilized in the next five years after the Listing Date of H shares, are as follows. For detailed information about the proceeds from H share issuance of CIMC Vehicles, please refer to the relevant announcement disclosed by CIMC Vehicles on 25 March 2024.



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Intended Use of Net Proceeds	Intended Amount (HK\$ million)	Utilized Amount as of 31 December 2023 (HK\$ million)	Utilized Amount during the Reporting Period (HK\$ million)	Unutilized Amount as of 31 December 2023 (HK\$ million)
Develop new manufacturing or assembly plants	1,248.3	1,200.5	29.9	47.7
-Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	38.8	38.8	-	-
-Develop a new assembly plant for high-end refrigerated semi-trailers in the UK or Poland	32.1	29.1	6.7	3.0
-Develop a new automated production facility for refrigerated semi-trailers in Monon, the US	163.0	159.4	-	3.6
-Develop a new assembly plant for swap bodies and chassis and flatbed semi-trailers in the Netherlands	105.2	105.2	-	-
-Develop a new assembly plant for refrigerated semi-trailers in Canada	20.2	20.2	-	-
-Develop a new manufacturing plant in Jiangmen, China	87.0	79.6	-	7.4
-Technological reform and informatization of plants in Xi'an, China	32.7	14.7	9.6	18.1
-Develop a new manufacturing plant in Baoji City, China	70.0	70.0	-	-
-Construct a vehicle park in Kunming, China	78.4	78.4	-	-
-Expand semi-trailer production plant in Dongguan, China	114.8	105.7	1.6	9.1
-Expand dry bodies and refrigerated bodies production plant in Zhenjiang, China	34.4	27.9	12.1	6.6
-Expand production and assembly plant for chassis trailers in Rayong, Thailand	193.5	193.5	-	-
-Increase the registered capital and production capacity of subsidiaries in the UK	278.1	278.1	-	-
Research and develop new products	66.6	64.9	-	1.7
-Invest in industry fund	34.4	34.4	-	-
-Develop high-end refrigerated semi-trailers	26.3	24.6	-	1.7
-Develop other trailers	5.8	5.8	-	-
Repay the principal amount and interests of bank borrowings	153.8	153.8	-	-
Working capital and general corporate purposes	151.5	151.5	-	-
<b>Total</b>	<b>1,620.0</b>	<b>1,570.7</b>	<b>29.9</b>	<b>49.4</b>

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### 6. 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.

### VII. SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (INCLUDING DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS)

#### 1. Disposal of Substantial Assets

Applicable Not Applicable

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## 2. Disposal of Substantial Equity Interests

Applicable    Not Applicable

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, the details of which are as follows:

Counterparty	Sold equity	Sale date	Transaction price (RMB thousand)	Net profit attributable to the Company contributed by the equity to the listed company from the beginning of the current period to the date of sale (RMB thousand)	The net profit contributed by the equity sale to the listed company as a percentage of the total net profit	The impact of the sale on the Company	Equity sale pricing principles	Related party transaction or not	Relationship with counterpart	Whether the equity involved has been fully transferred	Whether it is implemented as planned or not, if it is not implemented as planned, the reasons and the measures the Company has taken should be explained	Disclosure date	Disclosure index
Chery Commercial Vehicle (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Capital Co., Ltd.	C&C Trucks	15 March 2023	In the form of equity transfer and capital increase, please refer to the announcements [CIMC] 2022-098 and [CIMC]2023- 019 for details	18,424	0.99%	C&C Trucks is no longer included in the scope of consolidation of the Group	Negotiated and determined based on the market value on the valuation base date	No	Nil	Yes	Yes	16 March 2023	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.cimc.com">www.cimc.com</a>

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. Please refer to note IV. 16 and note V to “Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE” in this Report.

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### VIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable   Not applicable

Please refer to the relevant information contained in “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board and Management Discussion and Analysis” of this Report for the details of operations of principal subsidiaries. For details of the subsidiaries, joint ventures and associates of the Group during the Reporting Period, please refer to note IV 16 and note VI. to “Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE” in this Report.

#### Subsidiaries or associates contributing to more than 10% of the Company’s net profits

Unit: RMB thousand

Name of company	Type of company	Principal business	Registered capital/ share capital	Total assets	Net assets	Revenue	Operating profit	Net profit
CIMC Container (Group) Co., Ltd. (Note 1)	Subsidiary	Mainly engaged in manufacturing and sale of containers	5,292,829	28,287,661	15,551,157	23,142,494	1,407,313	1,191,674
CIMC Vehicles (Note 2)	Subsidiary	Road Transportation Vehicles Business	2,017,600	23,837,828	15,447,093	25,086,577	3,264,674	2,447,761
CIMC Enric (Note 3)	Subsidiary	Energy, Chemical and Liquid Food Equipment Business	18,521	27,587,424	12,373,644	23,626,279	1,524,827	1,163,561

Note 1: The financial data in the above table is taken from the management account.

Note 2: The financial data for CIMC Vehicles is extracted from its annual report for A shares for 2023.

Note 3: CIMC Enric is a company listed on the Hong Kong Stock Exchange, and the financial data in the above table is extracted from its 2023 annual results announcement.

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#### Details on acquiring and disposing subsidiaries during the Reporting Period

✓Applicable    □Not applicable

Name of company	Method of obtaining and disposing subsidiary	Impact on overall production and operation and performance
C&C Trucks Co., Ltd.	Loss of control due to transfer of equity interests and capital increase by other investors	No significant impact
Shanghai CIMC Automobile Examination and Repair Co., Ltd. (上海中集汽車檢測修理有限公司)	Equity disposal	No significant impact
CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd. (中集世聯達領鮮物流科技(山東)有限公司)	Cash acquisition	No significant impact
Chengdu Lanshi Cryogenic Technology Co., Ltd. (成都蘭石低溫科技有限公司)	Cash acquisition	No significant impact
Kunzel Maschinenbau GmbH	Cash acquisition	No significant impact
Guangxi Jingyitong Logistics Co., Ltd. (廣西景怡通物流有限公司)	Cash acquisition	No significant impact
CIMC Longtedi (Shandong) Engineering Technology Co., Ltd. (中集隆泰迪(山東)工程科技有限公司)	Cash acquisition	No significant impact
CIMC Zhongdian (Yangzhou) Hydrogen Production Equipment Co., Ltd. (中集中電(揚州)製氫設備有限公司)	Cash acquisition	No significant impact
CIMC Environmental Protection Technology (Guangdong) Co., Ltd. (中集環保科技(廣東)有限公司)	Cash acquisition	No significant impact
CIMC Construction Engineering (Guangdong) Co., Ltd. (中集建築工程(廣東)有限公司)	Cash acquisition	No significant impact
Jifeng New Energy Technology (Chengdu) Co., Ltd. (集風新能源科技(成都)有限公司)	Cash acquisition	No significant impact
Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Cash acquisition	No significant impact
Shenzhen Zhongan Jizhi Technology LLP (深圳市中安集智科技有限合夥(有限合夥))	Cash acquisition	No significant impact
Shenzhen Xinghuo Jizhi Technology LLP (深圳市星火集智科技合夥企業(有限合夥))	Cash acquisition	No significant impact
Shanghai Changyi Vehicle Sales Co., Ltd. (上海常毅汽車銷售有限公司)	Cash acquisition	No significant impact
CIMC Tongchaung (Zhejiang) Steel Chain Co., Ltd. (中集同創(浙江)鋼鏈有限公司)	Cash acquisition	No significant impact

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### IX. STRUCTURED BODY CONTROLLED BY THE COMPANY

Applicable Not applicable

### X. EMPLOYEES OF THE COMPANY

#### 1. 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). Please refer to note IV. 56 to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" in this Report.

The Group provides salary and bonus payment to its employees based on their performance, position value, qualification, experience and market rate. 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.

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## 2. Number of Employees, Professional Composition and Education Background

Number of in-service employees of the Company at the end of the Reporting Period	278
Number of in-service employees of principal subsidiaries at the end of the Reporting Period	50,354
Total number of in-service employees at the end of the Reporting Period	50,632
Total number of employees who received salaries during the Reporting Period	50,632
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	263
Professional composition	
Professional composition	Number of employees
Production personnel	22,636
Management personnel	3,908
Sales personnel	4,093
Technical personnel	5,698
Financial personnel	1,637
Others	12,660
Total	50,632
Education background	
Education degree	Number of employees
PhD	41
Master	1,939
Bachelor	13,627
College	11,367
Senior high school and below	23,658
Total	50,632

As at 31 December 2023, the Group had 8,815 female regular contract employees, accounting for approximately 17.4% of the total number of our regular contract employees, while the number of our male regular contract employees was 41,817, accounting for approximately 82.6% of the total number of our regular contract employees, with which we have achieved gender diversity in our workforce.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 3. 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.

### 4. Labour Outsourcing

Applicable Not Applicable

### 5. 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. Please refer to note II. 21 and note IV. 56 to “Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE” in this Report.

### 6. Share Option Incentive Scheme, Employee Stock Ownership Scheme, etc.

The implementation of share option incentive scheme and employee stock ownership scheme is helpful for the Group to establish an interest sharing and restraint mechanism among the directors, the management and the core employees, by which the management can better balance its short-term and long-term goals so as to attract and retain outstanding management candidates and key employees and stimulate sustainable value of incentives which will serve to guarantee the stable development of the Company in the long term and enhance its competitive strength. For details of the share option incentive scheme and employee stock ownership scheme of the Group, please refer to “X. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” of “Chapter V Corporate Governance” in this Report.



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### XI. OTHER MATTERS

#### 1. Management Contract

During the Reporting Period, the Company did not enter into any contracts concerning the management or administration of all or a significant portion of its business with any persons other than the Directors or any full-time employees of the Company, nor did any such contracts exist.

#### 2. Repurchase, Sale or Redemption of Securities

In January 2023, 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. Please refer to "IV. Repurchase Of Shares During The Reporting Period" under "Chapter VIII Changes in Share Capital and Information on Shareholders" in this Report.

- (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 being approved by the Hong Kong Stock Exchange.

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### 3. Pre-emptive Rights

The Articles of Association or Chinese law had no provisions regarding pre-emptive rights under which the Company must issue new shares on a pro rata basis to existing Shareholders.

### 4. Corporate Bonds and Medium-term Notes

Corporate bonds was for the purpose of further improving the Company's debt structure, broadening the Company's financing channels to meet the Company's capital needs and reducing the Company's financing costs. Please refer to "Chapter IX Bonds" in this Report for details of corporate bonds by the Company.

### 5. Taxes

In accordance with the provisions of the "Individual Income Tax Law of the People's Republic of China" and its implementing regulations and Guo Shui Han No. [2011]348, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic nonforeign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of "income from interest, dividends and bonuses". The Company will withhold and remit relevant taxes in accordance with the "Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company" (Cai Shui [2015] No. 101) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, the letter entitled "Tax Arrangements of Enterprises in Mainland China on Dividend Issuance to Hong Kong Residents" issued by the Hong Kong Stock Exchange, and requirements of related laws and regulations. It is recommended that holders of H Shares of the Company may consult their tax advisors concerning the tax effects in Mainland China, Hong Kong and other regions regarding the holding and disposal of H Shares of the Company.

### 6. Donation

During the Reporting Period, the Group has made a total donation of RMB16,375,000 (same period in 2022: RMB15,668,000).

### 7. Compliance with Laws and Regulations

During the Reporting Period, the Group has complied with the relevant laws and regulations that have a material impact on the Group's operations.

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#### 8. Permitted Indemnity Provision

During the Reporting Period and up to the date of this Report, no permitted indemnity provision which benefits the Directors or Supervisors of the Company was in force or is currently in force (whether entered into by the Company or not), and no permitted indemnity provision which benefits the directors or supervisors of associated companies of the Company was in force or is currently in force (if entered into by the Company).

The Company has arranged appropriate liability insurance coverage for the potential legal risks faced by its Directors, Supervisors and senior management during their performance of duties.

#### 9. Share Capital

As at 31 December 2023, the Company's share capital is as follows:

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	2,302,682,490	42.70%
H Shares	RMB1.00	3,089,837,895	57.30%
Total	—	5,392,520,385	100.00%

#### 10. Changes of Directors and Supervisors

During the Reporting Period, the changes of Directors and Supervisors of the Company are listed in "2. Changes of Directors, Supervisors and Senior Management of the Company" under "V. Directors, Supervisors and Senior Management" of "Chapter V Corporate Governance" in this Report.

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### 11. Environmental, Social and Governance Report

The Group attaches great importance to its responsibility on the environment and the society and strives to increase the Group's environmental, social and governance capability through various measures. The Board's participation in and supervision on the ESG related matters of the Company are set forth in the Social Responsibility & Environmental, Social and Governance Report on an annual basis. The Company published the 2022 Social Responsibility & Environmental, Social and Governance Report and the 2023 Social Responsibility & Environmental, Social and Governance Report on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 March 2023 and 27 March 2024 respectively in accordance with the Guidelines for Companies Listed on the Shenzhen Stock Exchange on Social Responsibility, Rule 13.91 and Environmental, Social and Governance Reporting Guide of Appendix C2 of the Hong Kong Listing Rules.

### 12. Events after the Balance Sheet Date

For details of events of the Group after the balance sheet date of the Reporting Period, please refer to Note XIII to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" in this Report.

## CHAPTER IV

### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

## XII. RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
12 and 13 January 2023	Shenzhen	Telephone communication	Institutional investor	UBS Greater China Conference	Principal business performance, investment progress, recent business development performance and industry outlook
8 February 2023	Shanghai	On-site meeting	Institutional investor	Aegon-Industrial Fund	Same as above
8 February 2023	Shanghai	On-site meeting	Institutional investor	UBS	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	Goldman Sachs	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	Minsheng Securities Strategy Conference	Same as above
9 February 2023	Shanghai	On-site meeting	Institutional investor	CSC	Same as above
14 February 2023	Hong Kong	On-site meeting	Institutional investor	Jeffries	Same as above
15 February 2023	Hong Kong	On-site meeting	Institutional investor	Daiwa	Same as above
23 February 2023	Shenzhen	On-site meeting	Institutional investor	Northeast Securities, Shanghai Xitai Investment, Morgan Stanley Huaxin, UBS SDIC	Same as above
9 March 2023	Shenzhen	Telephone communication	Institutional investor	Xin Chao Capita	Same as above
23 March 2023	Shenzhen	On-site meeting	Institutional investor	Taikang Asset Management, GF Securities	Same as above
29 March 2023	Shenzhen	On-site meeting	Institutions, media and shareholder representatives	Hua'an Securities, GF Securities, Eastmoney Securities, Huatai Securities, UBS, Daiwa Securities, Xinhua News Agency, www.cls.cn, 21st Century Business Herald, Securities Times, etc	Same as above
31 March 2023	Shenzhen	On-site meeting	Institutional investor	Minsheng Securities	Same as above
4 April 2023	Hong Kong	On-site meeting	Institutional investor	Morgan Stanley	Same as above
10 April 2023	Beijing	On-site meeting	Institutional investor	China Life Asset Management, China Pinnacle Equity, CICC Fund	Same as above

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
5 May 2023	Shenzhen	Tele conference	Institutional investor	UBS Securities, Shenwan Hongyuan, Huajin Securities, CITIC Securities, Guotai Junan, HSBC, East Asia Qianhai, etc.	Same as above
9 May 2023	Shenzhen	On-site meeting	Institutional investor	Dongxing Securities	Same as above
10 May 2023	Shanghai	On-site meeting	Institutional investor	CSC 2023 Interim Strategy Conference	Same as above
18 May 2023	Shenzhen	On-site meeting	Institutional investor	GF Securities, Guotai Asset, China Universal, China Investment, AXA SPDB Investment, Can-China Fund, Huatai Asset	Same as above
19 May 2023	Zhuhai	On-site meeting	Institutional investor	TF Securities 2023 Interim Strategy Conference	Same as above
23-25 May 2023	Singapore	On-site meeting	Institutional investor	CITI 4th Pan-Asia Pacific Regional Investor Conference	Same as above
26 May 2023	Maoming	On-site meeting	Institutional investor	Zheshang Securities Capital Market Forum	Same as above
26 May 2023	Shenzhen	On-site meeting	Institutional investor	Caitong Securities Belt and Road Listed Companies In-depth Exchange Meeting	Same as above
31 May 2023	Hefei	On-site meeting	Institutional investor	CITIC Securities 2023 Capital Market Forum	Same as above
1 June 2023	Shanghai	On-site meeting	Institutional investor	High-end Manufacturing • Technological Innovation 2023 Listed Company Roadshow Conference in China	Same as above
1 June 2023	Shanghai	On-site meeting	Institutional investor	Huatai Securities Strategy Conference	Same as above

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### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
7 and 8 June 2023	Hong Kong	On-site meeting	Institutional investor	HSBC 17 <sup>th</sup> Annual Transport & Logistics Conference	Same as above
12 June 2023	Hong Kong	On-site meeting	Institutional investor	Jefferies, Franklin Templeton, Samsung Asset Management, RAYS Capital Partners, Sumitomo Mitsui DS Asset Management, Point72 Asset Management	Same as above
13 June 2023	Hong Kong	On-site meeting	Institutional investor	GFHK Listed Company Meeting in the Second Quarter of 2023	Same as above
28 June 2023	Shenzhen	On-site meeting	Institutions, media and shareholder representatives	2022 Annual General Meeting (reception including some shareholder representatives, media reporters, etc.)	Same as above
29 June 2023	Shenzhen	On-site meeting	Institutional investor	GF Securities	Same as above
30 June 2023	Hong Kong	On-site meeting	Institutional investor	UBS Asia Industrials & Transport Conference in HK	Same as above
7 July 2023	Shenzhen	On-site meeting	Institutional investor	21 <sup>st</sup> Scaling New Heights – Asia Investment Forum	Same as above
21 July 2023	Shenzhen	On-site meeting	Institutional investor	China Universal Fund	Same as above

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
25 July 2023	Yantai	On-site research	Institutions, media	CITIC Prudential, Yiluo Investment, China Universal, Xinyuan Asset Management, Fullgoal Fund, Can-China Fund, JPMorgan Asset Management, Panyao Private Equity (磐耀私募), Sws Mu Fund Management, Ping An Fund, Shenwan Hongyuan, CICC, GF Securities, China Merchants Securities, TF Securities, Guoyuan International, Essence International, Shanxi Securities, Rystad Energy, Securities Times	Same as above
8 August 2023	Shenzhen	Tele conference	Institutional investor	Zhongrong Fund	Same as above
11 August 2023	Shenzhen	On-site meeting	Institutional investor	CITIC Securities	Same as above
30 August 2023	Hong Kong	On-site meeting	Institutions, media	CICC, UBS, GF Securities, Guoyuan Securities, Changjiang Asset Management, CSC, China AMC (HK), Guolian Securities, Vanho Securities, Athena Capita, etc.	Same as above
31 August 2023	Shenzhen	On-site meeting	Institutional investor	Topsperity Securities 2023 Autumn Economy and Investment Summit	Same as above
31 August 2023	Shenzhen	Tele conference	Institutional investor	CSC	Same as above
1 September 2023	Shanghai	On-site meeting	Institutional investor	Zheshang Securities 2023 Autumn Institutional Heavyweight Forum	Same as above



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### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
6 September 2023	Shanghai	On-site meeting	Institutional investor	Shenwan Hongyuan 2023 Great Shipping Cycle Topic Strategy Meeting (Shanghai)	Same as above
8 September 2023	Shenzhen	On-site meeting	Institutional investor	Essence Securities, Southern Asset Management, Penghua Fund	Same as above
13 September 2023	Beijing	On-site meeting	Institutional investor	China AMC, Yinhua Fund, ICBC Credit, Dajia Assets Management Co., Ltd.	Same as above
13 September 2023	Beijing	On-site meeting	Institutional investor	Shenwan Hongyuan 2023 Great Shipping Cycle Topic Strategy Meeting (Beijing)	Same as above
14 September 2023	Abu Dhabi	On-site meeting	Institutional investor	Abu Dhabi Investment Authority	Same as above
14 September 2023	Beijing	On-site meeting	Institutional investor	Huatai Securities	Same as above
15 September 2023	Shenzhen	Tele conference	Institutional investor	China Universal Fund	Same as above
15 September 2023	Shenzhen	Tele conference	Institutional investor	Zheshang Securities	Same as above
18 September 2023	Shenzhen	On-site meeting	Institutional investor	Sealand Securities, Haitong Securities	Same as above
20 September 2023	Yantai	On-site meeting, tele conference	Institutional investor	CICC	Same as above
21 September 2023	Shenzhen	Tele conference	Institutional investor	HFT Investment Management	Same as above
21 September 2023	Shenzhen	Tele conference	Institutional investor	Cinda Securities, Franklin Templeton Sealand Fund	Same as above
25 September 2023	Shenzhen	Tele conference	Institutional investor	Topsperity Securities, CITIC Prudential	Same as above
26 September 2023	Shenzhen	On-site meeting	Institutional investor	ICBC Credit	Same as above
11 October 2023	Shenzhen	On-site meeting	Institutional investor	CCB Principal Asset Management	Same as above

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
11 October 2023	Shenzhen	On-site meeting	Institutional investor	Starock Investment	Same as above
11 October 2023	Shenzhen	On-site meeting	Institutional investor	Guotai Assets	Same as above
11 October 2023	Shenzhen	On-site meeting	Institutional investor	CICC Asset Management	Same as above
12 October 2023	Shenzhen	On-site meeting	Institutional investor	CSC	Same as above
12 October 2023	Shenzhen	On-site meeting	Institutional investor	Qianhai Kaiyuan	Same as above
12 October 2023	Shenzhen	On-site meeting	Institutional investor	Qianhai Life Insurance	Same as above
12 October 2023	Shenzhen	On-site meeting	Institutional investor	Rongtong Fund	Same as above
13 October 2023	Guangzhou	On-site meeting	Institutional investor	Bosera Fund	Same as above
13 October 2023	Guangzhou	On-site meeting	Institutional investor	Essence Fund	Same as above
13 October 2023	Guangzhou	On-site meeting	Institutional investor	Dacheng Fund	Same as above
13 October 2023	Guangzhou	On-site meeting	Institutional investor	GF Fund	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	HFT	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	Yiluo Fund	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	China Investment	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	BNB Wealth Management	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	Zhong Ou Asset	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	CPIC Fund	Same as above
17 October 2023	Shanghai	On-site meeting	Institutional investor	UBS Securities	Same as above
18 October 2023	Shanghai	On-site meeting	Institutional investor	Visionone Asset	Same as above
18 October 2023	Shanghai	On-site meeting	Institutional investor	China Universal	Same as above
18 October 2023	Shanghai	On-site meeting	Institutional investor	Ping An Annuity Fund	Same as above

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### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
18 October 2023	Shanghai	On-site meeting	Institutional investor	Franklin Templeton Sealand Fund	Same as above
18 October 2023	Shanghai	On-site meeting	Institutional investor	Ping An Asset	Same as above
25 October 2023	Shenzhen	Online conference	Institutional investor	Listed Company Roadshow Conference of Essence International	Same as above
25 October 2023	Shenzhen	Tele conference	Institutional investor	Fullgoal Fund	Same as above
31 October 2023	Shenzhen	Tele conference	Institutional investor	Huatai Securities	Same as above
31 October 2023	Shenzhen	Tele conference	Institutions, media and shareholder representatives	UBS, Zheshang Securities, Cinda Securities, www.cls.cn, 21st Century Business Herald, etc.	Same as above
31 October 2023	Shenzhen	On-site meeting	Institutional investor	TF Securities	Same as above
31 October 2023	Shenzhen	Tele conference	Institutional investor	Changjiang Asset Management	Same as above
1 November 2023	Shenzhen	Tele conference	Institutional investor	Guotai Junan International	Same as above
1 November 2023	Shenzhen	Tele conference	Institutional investor	Harvest Fund	Same as above
1 November 2023	Shenzhen	Tele conference	Institutional investor	Aegon-Industrial Fund	Same as above
2 November 2023	Shenzhen	On-site meeting	Institutional investor	Zheshang Securities 2023 Fourth Quarter Institutional Heavyweight Forum	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	China AMC	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	Harvest Fund	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	China Life AMP Asset Management	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	Lion Fund	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	Sunshine Insurance Asset	Same as above
7 November 2023	Beijing	On-site meeting	Institutional investor	New China Fund	Same as above

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
8 November 2023	Beijing	On-site meeting	Institutional investor	ICBC Credit	Same as above
8 November 2023	Beijing	On-site meeting	Institutional investor	China Post & Capital Fund	Same as above
8 November 2023	Beijing	On-site meeting	Institutional investor	Guolian Fund, Can-China Fund, CSC, Tianhong Asset	Same as above
8 November 2023	Beijing	Tele conference	Institutional investor	Maxwealth Fund	Same as above
9 November 2023	Shenzhen	Tele conference	Institutional investor	Sinolink Securities	Same as above
9 November 2023	Shenzhen	Tele conference	Institutional investor	Topsperity Securities	Same as above
9 November 2023	Shenzhen	Tele conference	Institutional investor	Penghua Fund	Same as above
13 November 2023	Shanghai	On-site meeting	Institutional investor	Minsheng Securities	Same as above
13 November 2023	Shanghai	Tele conference	Institutional investor	JPMorgan Asset	Same as above
14 November 2023	Ningbo	On-site research	Institutional investor	Shenwan Hongyuan, CSC, Sinolink Securities, Huatai Securities, Changjiang Asset Management, GF Securities, Minsheng Securities, etc.	Same as above
15 November 2023	Shenzhen	Tele conference	Institutional investor	AXA SPDB Investment	Same as above
15 November 2023	Shenzhen	Online roadshow	Institutional investor	2023 online collective reception day for investors of listed companies in Shenzhen	Same as above
16 November 2023	Shenzhen	Tele conference	Institutional investor	TF Securities	Same as above
16 November 2023	Shenzhen	Tele conference	Institutional investor	Shenwan Hongyuan•2024 Capital Market Investment Conference	Same as above
16 November 2023	Shenzhen	Tele conference	Institutional investor	2023 Investment Strategy Conference of CICC	Same as above
17 November 2023	Shenzhen	Tele conference	Institutional investor	Changsheng Fund	Same as above

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### REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main contents discussed and information provided
17 November 2023	Shenzhen	Tele conference	Institutional investor	Merchants Securities	Same as above
17 November 2023	Shenzhen	Tele conference	Institutional investor	CCB Principal Asset Management	Same as above
22 November 2023	Shenzhen	On-site meeting	Institutions, media and individual investor representatives	Know My Listed Company “Shareholders are here” – Enter Shenzhen Series Events•CIMC Group Exclusive	Same as above
28 November 2023	Shenzhen	Tele conference	Institutional investor	Everbright Pramerica Fund, Changjiang Securities	Same as above
29 November 2023	Shenzhen	Tele conference	Institutional investor	Guotai Asset, TF Securities	Same as above
4 December 2023	Shenzhen	On-site meeting	Institutional investor	Dacheng Fund	Same as above
6 December 2023	Shenzhen	On-site meeting	Institutional investor	TF Securities Outlook 2024 Strategy Conference	Same as above
6 December 2023	Hong Kong	On-site meeting	Institutional investor	China Listed Companies Association Hong Kong Investor Exchange Event	Same as above
7 December 2023	Shenzhen	Tele conference	Institutional investor	Taiping Pension, CSC	Same as above
7 December 2023	Shenzhen	Tele conference	Institutional investor	China Universal, Huatai Fund	Same as above
8 December 2023	Shenzhen	Tele conference	Institutional investor	Fullgoal Fund	Same as above
8 December 2023	Shenzhen	Tele conference	Institutional investor	TF Securities, CIB Fund	Same as above
8 December 2023	Shenzhen	Tele conference	Institutional investor	TF Securities, Chang Xin Asset	Same as above
12 December 2023	Shenzhen	On-site meeting	Institutional investor	Minsheng Securities Listed Company Closed Exchange Meeting	Same as above
14 December 2023	Shenzhen	Tele conference	Institutional investor	Guotai Junan Securities	Same as above
15 December 2023	Shenzhen	On-site meeting	Institutional investor	Huatai Securities	Same as above
20 December 2023	Shenzhen	On-site meeting	Institutional investor	Huatai Securities Self-owned	Same as above
21 December 2023	Shenzhen	On-site meeting	Institutional investor	GuruClub Global Investment Summit	Same as above

In 2023, the Group participated and received a total of 129 research, communications and interviews. For details of the reception of research, communications, interviews and other activities, please refer to the information on results briefings and road shows published by the Company on SZSE’s [irm.cninfo.com.cn](http://irm.cninfo.com.cn) (<http://irm.cninfo.com.cn/ircs/index>).

## CHAPTER IV REPORT OF THE BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

### XIII. IMPLEMENTATION OF THE “DUAL IMPROVEMENT OF QUALITY AND RETURN” ACTION PLAN

**Whether the Company has disclosed the “Dual Improvement of Quality and Return” action plan**

Yes No

During the Reporting Period, the Company had not disclosed the “Dual Improvement of Quality and Return” action plan.

## CHAPTER V

# CORPORATE GOVERNANCE

The Company has prepared the “Corporate Governance Work Report” and the “Corporate Governance Report” in accordance with different requirements in form and content of PRC securities regulatory authorities and the Hong Kong Listing Rules, respectively. To keep the presentation lucid and to avoid undue repetitions, a cross-referencing approach has been adopted.

### **PART I: CORPORATE GOVERNANCE (PREPARED IN ACCORDANCE WITH PRC SECURITIES REGULATORY REQUIREMENTS)**

#### **I. SITUATION OF CORPORATE GOVERNANCE**

During the Reporting Period, the Company continued to enhance and improve its corporate governance and standardized operation in strict compliance with the requirements of laws and regulations including the PRC Company Law, the Code of Corporate Governance for Listed Companies, Guidelines on the Articles of Association of Listed Companies as well as the requirements of the Listing Rules. The Group has made the corporate governance by law an important part of its internal control works. The Company has established a corporate governance structure which is in line with the requirements of management of modern enterprise and ensures the full and balanced performance of all functions. In accordance with the series of rules and regulations of the Company such as the Articles of Association, the Rules of Procedure for General Meeting, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee, the independent directors and the special committees under the Board gave full play to their roles to ensure that the functions and responsibilities of the General Meeting, the Board and the Supervisory Committee were properly performed and balanced, so as to protect the interests of the Company and its Shareholders and ensured the sustainable and healthy development of the Company. During the Reporting Period, the Company continued to enhance its management of key risks by launching special initiatives, focused on key risk areas such as the corporate governance, published a list of “Unannounced Critical Risk Inspection”, promoted the special work of “Unannounced inspections” by stages through self-inspection of the Company and the unannounced spot inspection of the Group, so as to further strengthen the dynamical management and control of key risks.

#### **Amendments made to the systems and rules during the Reporting Period:**

During the Reporting Period, the Company constantly improved its corporate governance system in accordance with the requirements of the securities regulators of Hong Kong and China by revising such systems and rules as the Information Disclosure Management System, the Insider Registration and Management System, the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee. For relevant information, please refer to the announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company’s website ([www.cimc.com](http://www.cimc.com)) and that of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 16 March 2023, 29 August 2023 and 26 September 2023.

## CHAPTER V CORPORATE GOVERNANCE

### Major external awards granted to the Group during the Reporting Period were as follows:

No.	Awards	Awarded by
1	Best Practice of Board Office of Listed Companies 2023	
2	Best Practice of 2022 Annual Results Presentation of Listed Companies	China Association
3	Rating of 5A in the Performance Evaluation of the Board of Directors of Listed Companies for 2023	for Public Companies
4	Excellent Practice Case of Rural Revitalization of Listed Companies in 2023	
5	18th Golden Prize of Round Table of Chinese Boards of Listed Company: MAI Boliang, the Chairman, won the "Entrepreneur Spirit Award"	Directors & Boards
6	18th Golden Prize of Round Table of Chinese Boards of Listed Company •Most Outstanding Board of Directors	magazine
7	Guruclub Award of Selection for the Outstanding Companies of the Year•Outstanding High-end Manufacturing Enterprise for the Year	Gelonghui
8	One of the First Places among the 2023 CBCSD Top 100 Chinese Enterprises in Sustainable Development	China Business Council for Sustainable Development
9	Excellent Practice Cases of Green and Low-carbon Development of Enterprises for 2022	China Enterprise Confederation
10	Top 100 ESG Listed Companies in China	Securities Times
11	ESG New Benchmarking Enterprise Award	www.stockstar.com
12	The First Guoxin Cup•2023 ESG Golden Bull Award for Top 100 Enterprises	China Securities Journal
13	2023 Top 20 Listed Companies in Greater Bay Area in Green Governance	Shenzhen Research Association of Corporate Governance
14	Ranked 52nd in the Brand Value list of Chinese Listed Companies in 2023	National Business Daily
15	The 7th China IR Annual Awards•Best Leader Award	
16	The 7th China IR Annual Awards•Best ESG Award	
17	The 7th China IR Annual Awards•Best Capital Market Communication Award	Roadshow China
18	The 7th China IR Annual Awards•Best Investor Relations Program	
19	Shenzhen Charity Donation List for 2022 (ranked 13th)	Shenzhen Municipal Civil Affairs Bureau



## CHAPTER V CORPORATE GOVERNANCE

### Formulation and implementation of registration and management system of insiders

The Company has formulated an Insider Registration and Management System according to various securities regulatory requirements. The above system, which specifies the scope of inside information and insiders, the approval, registration and filing system of inside information and confidentiality obligation, has become an important part of the Company's internal control system. In 2023, the Company faithfully implemented inside information and insider management system carried out an effective supervision on internal circulation and disclosure of inside information in accordance with the various systems and requirements on a strict basis.

### Any significant difference between corporate governance and the standards of the normative documents regarding corporate governance of listed companies issued by the CSRC

Yes No

## II. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLERS IN RESPECT OF ASSETS, PERSONNEL, FINANCE, ORGANISATIONAL STRUCTURE AND BUSINESS

The Company has no controlling shareholder or de facto controller. The Company's largest shareholder is Shenzhen Capital Group. The Company has an independent and complete business system as well as the capacity of independent operation in the market. The Company is fully independent from its largest shareholder in respect of business, personnel, asset, organizational structure and finance, and they conduct audit and assume responsibilities and risks independently. (1) Assets: The Company and its largest shareholder possess clear title to the relevant assets with complete and proper supporting documents under independent management by the Company. Its largest shareholder did not occupy or dominate assets of the Group, and not interfere with the management of assets by the Group. (2) Personnel: The labor, personnel and salary management institutions of the Company are independent. The system is complete. The Company and its largest shareholder do not share staff or senior management. All of the Company's senior management are paid by the listed company. The financial staff of the Company do not hold any other positions in the related companies. (3) Finance: The finance department, financial accounting system, financial management system and bank accounts of the Company are independent and pay their respective taxes independently. (4) Organizational structure: the Board, the Supervisory Committee and other internal institutions of the Company are complete and operate independently. The largest shareholder performs its rights according to the law and assume corresponding obligations without directly or indirectly interfering with the business activities of the Company by overstepping the general meeting. (5) Business: The production system, purchase system, auxiliary production system and sales system of the Group are completely independent. The Company owns intangible assets such as industrial property, trademark, and non-patent technology independently.

## III. HORIZONTAL COMPETITIONS

Applicable Not Applicable

## CHAPTER V CORPORATE GOVERNANCE

### IV. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS CONVENED DURING THE REPORTING PERIOD

#### 1. General meetings convened during the Reporting Period

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Resolution of the meeting
The first extraordinary general meeting for 2023	Extraordinary general meeting	58.9843%	16 March 2023	16 March 2023	Proposal on By-election of Mr. LIN Changsen as the Supervisor Representing Shareholders of the Tenth Session of the Supervisory Committee.
The second extraordinary general meeting for 2023	Extraordinary general meeting	58.5052%	26 April 2023	26 April 2023	Resolution Regarding the Management of the Derivative Hedging Business by CIMC in 2023.
Annual general meeting for 2022	Annual general meeting	58.4142%	28 June 2023	28 June 2023	<ol style="list-style-type: none"> <li>1. Working Report of the Board of CIMC for 2022;</li> <li>2. Working Report of the Supervisory Committee of CIMC for 2022;</li> <li>3. 2022 Annual Report of CIMC;</li> <li>4. Resolution Regarding the Proposal on Profit Distribution and Dividend Distribution for 2022;</li> <li>5. Resolution Regarding the Appointment of Accounting Firm for 2023;</li> <li>6. Resolution Regarding the Guarantee Plan of CIMC in 2023;</li> <li>7. Resolution Regarding the Provision of Guarantee for Shenzhen CIMC Industry &amp; City Development Group Co., Ltd. and its subsidiaries by CIMC in 2023;</li> <li>8. Resolution Regarding the Provision of Guarantee for CIMC Financial Leasing Co., Ltd. and its subsidiaries by CIMC in 2023;</li> <li>9. Resolution Regarding the Application of Registration and Issuance of Medium-Term Notes (Including Perpetual Medium-Term Notes and Super Short-Term Commercial Papers) by CIMC;</li> <li>10. Resolution Regarding the Registration of the Public Issuance of Corporate Bonds to Professional Investors;</li> <li>11. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares;</li> <li>12. Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Issuance of Shares.</li> </ol>

## CHAPTER V CORPORATE GOVERNANCE

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Resolution of the meeting
The first class meeting of the holders of A Shares for 2023	Class meeting	28.3563%	28 June 2023	28 June 2023	Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares.
The first class meeting of the holders of H Shares for 2023	Class meeting	80.8150%	28 June 2023	28 June 2023	Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares.
The third extraordinary general meeting for 2023	Extraordinary general meeting	58.4946%	26 September 2023	26 September 2023	<ol style="list-style-type: none"> <li>1. Resolution Regarding Amendments to the Articles of Association of China International Marine Containers (Group) Co., Ltd.;</li> <li>2. Resolution Regarding Amendments to the Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd.;</li> <li>3. Resolution Regarding Amendments to the Rules of Procedures for the Board of Directors of China International Marine Containers (Group) Co., Ltd.;</li> <li>4. Resolution Regarding Amendments to the Rules of Procedures for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd.;</li> <li>5. Resolution on the Election of Ms. ZHAO Feng as the Non-executive Director of the Tenth Session of the Board;</li> <li>6. Resolution Regarding Update to the Guarantee Plan of CIMC in 2023;</li> <li>7. Resolution on Update to the Provision of Related Guarantee for CIMC Financial Leasing Co., Ltd. and Its Subsidiaries by CIMC in 2023.</li> </ol>

Note: The proportion of investor participation in the class meeting refers to the proportion of the number of shares held by participating investors to the total number of voting shares in that class, and the proportion of investor participation in the annual general meeting and the extraordinary general meeting refers to the proportion of the number of shares held by participating investors to the total share capital of the Company.

2. The extraordinary general meetings requested by the shareholders of preference shares who regained the voting right

Applicable Not Applicable

## CHAPTER V CORPORATE GOVERNANCE

### V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Brief Biography of the Directors, Supervisors and Senior Management of the Company

##### (1) Directors

Information on the Directors as at 31 December 2023 is set out below:

Name	Gender	Age	Position	Term of office
MAI Boliang	Male	64	Chairman and executive Director	From 27 August 2020 to 2024 annual general meeting
ZHU Zhiqiang	Male	49	Vice-chairman and non-executive Director	From 7 April 2021 to 2024 annual general meeting
HU Xianfu	Male	54	Vice-chairman and non-executive Director	From 26 September 2017 to 2024 annual general meeting
SUN Huirong	Male	40	Non-executive Director	From 14 November 2022 to 2024 annual general meeting
DENG Weidong	Male	56	Non-executive Director	From 9 October 2020 to 2024 annual general meeting
ZHAO Feng	Female	54	Non-executive Director	From 26 September 2023 to 2024 annual general meeting
LUI FUNG Mei Yee, Mabel	Female	72	Independent non-executive Director	From 3 June 2019 to 2024 annual general meeting
ZHANG Guanghua	Male	66	Independent non-executive Director	From 28 June 2022 to 2024 annual general meeting
YANG Xiong	Male	57	Independent non-executive Director	From 28 June 2022 to 2024 annual general meeting

## CHAPTER V CORPORATE GOVERNANCE

### Brief biography of Directors:

**Mr. MAI Boliang (麥伯良)**, born in 1959, has been the president of the Company since 7 March 1994, and an executive Director of the Company since 8 March 1994. He has been an executive Director, the CEO and the president of the Company since 27 August 2015, and the Chairman, an executive Director and the CEO of the Company since 27 August 2020. He has been serving as the Chairman and an executive Director of the Company since 26 September 2023. He is also the current president and a non-executive director of CIMC Vehicles (Group) Co., Ltd. (listed on the Shenzhen Stock Exchange and the Stock Exchange). Mr. MAI joined the Company in 1982 and served as manager of production technical department and the deputy manager. Mr. MAI graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor's degree. Mr. MAI is the honorary president of the China Container Industry Association and the president of Shenzhen Association for Listed Companies.

**Mr. ZHU Zhiqiang (朱志強)**, born in 1975, being a member of the Communist Party of China, graduated from Fudan University with a major in the Public Administration and obtained a master's degree in management. He was the deputy chief of the enterprises division I, deputy chief and chief of the strategic development division of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen. He currently serves as the deputy secretary of the Party Committee, the general manager and a director of Shenzhen Capital Holdings Co., Ltd. He has been a non-executive director, the Vice Chairman, a member of the Strategy Committee and a member of the Nomination Committee of the Board of Directors of the Company since 7 April 2021.

**Mr. HU Xianfu (胡賢甫)**, born in 1969, holds a master's degree from Shanghai University of Finance and Economics and is qualified as an international accountant and senior engineer. Mr. HU once served as the Deputy General Manager and General Manager of the Finance Department of China Merchants Industry Holdings Co., Ltd.; Deputy General Manager and Chief Financial Officer of Yiu Lian Dockyards (Shekou) Limited and China Merchants Heavy Industry (Shenzhen) Co., Ltd. (招商局重工(深圳)有限公司); and Chief Financial Officer of China Merchants Industry Holdings Co., Ltd. Since November 2017, he has been a director and the General Manager of China Merchants Industry Holdings Company Limited; he has been a non-executive director of the Company since 26 September 2017, and is currently the Vice Chairman and a member of the Strategy Committee of the Board of Directors of the Company.

## CHAPTER V CORPORATE GOVERNANCE

**Mr. SUN Huirong (孫慧榮)**, born in 1983, a member of the Communist Party of China, graduated from Fudan University with a major of Finance. He holds a part-time postgraduate diploma and a master's degree in economics. He was a senior officer and project manager of Shenzhen Geotechnical Investigation & Surveying Institute Co., Ltd. (深圳市勘察測繪院有限公司); an investment director of Shenzhen Horizon Investment Management Co., Ltd. (深圳市地平線投資管理有限公司); and the senior manager, deputy director of the strategic research & mergers and acquisitions department, the deputy director of the asset management department and director of the audit department of Shenzhen Capital Holdings Co., Ltd. He is currently the director of the asset management department of Shenzhen Capital Holdings Co., Ltd. He has been a non-executive director of the Company, the chairman of the Risk Management Committee of the Board and a member of the Remuneration and Appraisal Committee of the Board since 14 November 2022.

**Mr. DENG Weidong (鄧偉棟)**, born in 1967, graduated from Nanjing University in 1994 with a doctorate degree in Physical Geography. Mr. Deng is currently the Chief Strategy Officer, the director of the Strategy and Development Department and the Technological Innovation Department of China Merchants Group. Mr. DENG has vast experience in port operation and management. He worked in Administration Bureau of Hainan Yangpu Economic Development Zone, and successively served as the general manager of Business Development Department of China Nanshan Development (Group) Incorporation, the deputy general manager of Chiwan Container Terminal Co., Ltd. and the general manager of Shenzhen Mawan Port Services Co., Ltd. After joining China Merchants Holdings (International) Company Limited (renamed as China Merchants Port Holdings Company Limited in 2016) in July 2009, he served as the deputy general manager of China Merchants Holdings (International) Company Limited; he served as the director of the capital management department of China Merchants Group from February 2015 to August 2021, the director of China Merchants Property Operation & Service Co., Ltd. (stock code: 001914) from December 2019 to April 2021. From April 2019 to December 2022, he served as a director of S.F. Holding Co., Ltd. (stock code: 002352). He served as a director of China Merchants Ports Holdings Company Limited. (Hong Kong stock code: 00144) from October 2021 to December 2022, and a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (stock code: 001979) from October 2021 to November 2022. He has been a director of China Merchants Energy Shipping Co., Ltd. (stock code: 601872) since April 2019, and the vice chairman since 28 July 2023. He has been a director of Sinotrans Limited (stock code: 601598) since November 2021, and a director of China Merchants Securities Co., Ltd. (stock code: 600999) since April 2022. He has been a non-executive Director of the Company and also a member of both the Remuneration and Appraisal Committee and the Risk Management Committee of the Board since 9 October 2020.

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**Ms. ZHAO Feng (趙峰)**, born in 1969, graduated from Nankai University with a bachelor degree in accounting and auditing. She is a PRC Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of Hong Kong Institute of Certified Public Accountants (HKICPA). She served as an auditor of Arthur Anderson Hua Qiang Certified Public Accountants (安達信華強會計師事務所), the chief financial officer of East Asiatic Company (PRC), the chief financial officer and the general manager of Denmark Wangtai Communications Technology (PRC) (丹麥網泰通訊科技(中國)), the chief financial officer of Apple Inc. (PRC), the chief financial officer and the general manager of Infront Sports & Media (PRC) and an independent director of Shenzhen Weiye Decoration Group Co., Ltd. (深圳市維業裝飾集團股份有限公司) (300621.SZ). She is currently an independent non-executive director of Shandong Gold Mining Co., Ltd. (600547.SH/01787.HK), an independent non-executive director of China Longyuan Power Group Corporation Limited (001289.SZ/00916.HK) and an independent non-executive director of Xiamen International Bank Co., Ltd.

**Ms. LUI FUNG Mei Yee, Mabel (呂馮美儀)**, born in 1951, Justice of the Peace of Hong Kong. She holds a master's degree in law from the University of Hong Kong. She is currently a senior executive consultant and head of Greater China Commercial Practice of Withers. She is also a non-executive director of Magnificent Hotel Investments Limited (Hong Kong stock code: 00201), Shun Ho Property Investments Limited (Hong Kong stock code: 00219) and Shun Ho Holdings Limited (Hong Kong stock code: 00253); She has been an independent non-executive director of the Company since 3 June 2019. She is also the convener of the Nomination Committee of the Board of Directors, and a member of the Audit Committee, Remuneration and Evaluation Committee and Risk Management Committee of the Board of Directors of the Company, respectively. She is admitted to practice laws in Hong Kong, Singapore, New York State of the United States, England and Wales, and Victoria, Australia. She is an Appointed Attesting Officer (in Hong Kong) of China and an international Notary Public. She was a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants, a member of the HKSAR Administrative Appeals Board, a member of the HKSAR Deposit Protection Appeals Tribunal, a member of the Air Transport Licensing Authority of Hong Kong, a member of the Appeal Panel (Housing) of Hong Kong, a member of the Board of Review (Inland Revenue Ordinance) of Hong Kong, a member of the Council on Human Reproductive Technology of Hong Kong, a member of the Criminal and Law Enforcement Injuries Compensation Boards of Hong Kong, a member of the Immigration Tribunal of Hong Kong, a member of the Post-Release Supervision Board of Hong Kong and a member of the Solicitors Disciplinary Tribunal Panel of Hong Kong. She has more than 40 years of experience in advising clients on China related business matters. She has extensive experience in transactional work in Hong Kong and Mainland China, with a focus on cross-border and international mergers and acquisitions and investment of diverse types. She has been an independent Director of the Company, the convener of the Nomination Committee of the Board and also a member of each of the Remuneration and Appraisal Committee, the Audit Committee and the Risk Management Committee of the Board since 3 June 2019.

## CHAPTER V CORPORATE GOVERNANCE

**Mr. ZHANG Guanghua (張光華)**, born in 1957, with a doctorate degree in economics, is a member of the group of chairmen of China Alliance of Social Value Investment (社會價值投資聯盟). He is serving as an independent director of Bank of Beijing Co., Ltd. (Shanghai Stock Exchange: 601169), an independent director of Focus Media Information Technology Co. Ltd. (Shenzhen Stock Exchange: 002027) and an independent director of Hexa Asset Management Co., Ltd. He also serves as a supervisor of Susall Wave Digital Technology (Shenzhen) Co., Ltd. He served as a deputy director of the Policy Research Office and the head of the Planning Department of the State Administration of Foreign Exchange, the deputy general manager of PBOC Hainan Branch, the deputy general manager and the deputy secretary of the CPC committee of PBOC Guangzhou Branch, the president and the deputy secretary of the CPC committee of Guangdong Development Bank, the deputy secretary of the CPC committee, an executive director, the vice president and the vice chairman of China Merchants Bank, the vice chairman of Wing Lung Bank, the chairman of CIGNA & CMB Life Insurance Company Limited, the chairman of China Merchants Fund Management Co., Ltd., the chairman of CMB International Capital Corporation Limited, the chairman of CMB Financial Leasing Co., Ltd. and the chairman and the secretary of the CPC committee of Bosera Asset Management Co., Ltd. He has been an independent Director of the Company, the chairman of the Remuneration and Appraisal Committee of the Board and also a member of each of the Audit Committee, the Strategic Development Committee, the Risk Management Committee and the Nomination Committee of the Board since 28 June 2022.

**Mr. YANG Xiong (楊雄)**, born in 1966, holds a bachelor's degree and is a certified public accountant. He currently serves as the senior partner of Beijing Da Hua International Certified Public Accountants (Special General Partnership) as well as an independent director of Kingfa Sci. & Tech. Co., Ltd. (Shanghai Stock Exchange: 600143), an independent director of JSTI Group Co., Ltd. (Shenzhen Stock Exchange: 300284) and an independent director of Bank of Guiyang Co., Ltd. (Shanghai Stock Exchange: 601997) (resigned in February 2024). He also serves as the legal representative, an executive director and the general manager of Guiyang Tianheng Accounting Consulting Service Co., Ltd., a director of Guizhou Qilin Investment Co., Ltd. and a supervisor of Guizhou Tongfang Hongxiang Mining Investment Co., Ltd. (貴州同方弘翔礦業投資有限公司). He has been an independent Director of the Company, the chairman of the Audit Committee of the Board and also a member of each of the Strategic Development Committee, the Risk Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board since 28 June 2022.



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### (2) Supervisors

Information on the Supervisors as at 31 December 2023 is set out below:

Name	Gender	Age	Position	Term of office
SHI Lan	Female	50	Chairman of the Supervisory Committee	From 7 April 2021 to 2024 annual general meeting
LIN Changsen	Male	54	Supervisor	From 16 March 2023 to 2024 annual general meeting
MA Tianfei	Male	48	Supervisor	From 28 June 2022 to 2024 annual general meeting

Note: On 10 February 2023, Mr. LOU Dongyang tendered his resignation as a supervisor of the Company due to changes in his assignment. The by-election of Mr. LIN Changsen as a supervisor representing shareholder of the 10th session of the Supervisory Committee has been considered and approved at the general meeting held on 16 March 2023.

#### Brief biography of the Supervisors:

**Ms. SHI Lan (石瀾)**, born in 1974, being a member of the Communist Party of China, graduated from Peking University with a major in Business Administration. She holds a master's degree in business administration and is a certified public accountant and an accountant. She served as a department manager of Tianjian Xinde Accounting Firm (天健信德會計師事務所), the chief of the institution regulatory division II, the chief of the listed company supervision division, the chief of accounting supervision division of CSRC Shenzhen Branch, the department head of the audit department, the Shenzhen co-head of the investment banking integrated industry group of CITIC Securities, the investment director of Shenzhen Capital Holdings Co., Ltd. and other positions. She currently serves as the deputy general manager of Shenzhen Capital Holdings Co., Ltd., the chairman of the supervisory committee of Vanho Securities Co., Ltd. and the chairman and general manager of Shenzhen Yuanzhi Venture Capital Co., Ltd. (深圳市遠致創業投資有限公司). She has been the chairman of the Supervisory Committee and a supervisor representing the shareholders of the Company since 7 April 2021.

**Mr. LIN Changsen (林昌森先生)**, born in 1969, is a senior accountant and is qualified as a PRC certified public accountant and holds a master's degree in business administration from Zhongnan University of Economics and Law. Mr. LIN Changsen worked at Anhui Cement Factory (安徽省水泥製品廠) in June 1987 and served as the financial manager of Shenzhen Kang Er Fu Industrial Co., Ltd (深圳康爾福實業有限公司) from February 1994 to January 1999. He joined China Merchants Industry Holdings Co., Ltd. in January 1999 and successively served as the financial manager of Shenzhen Jiang Hui Ship Engineering Co., Ltd. (深圳江輝船舶工程有限公司), the vice general manager of the Finance Department of China Merchants Industry Holdings Co., Ltd., the finance director of China Merchants Heavy Industry (Jiangsu) Co., Ltd., and the general manager of the Finance Department of China Merchants Industry Holdings Co., Ltd. Mr. LIN Changsen served as the deputy finance director and general manager of the Finance Department of China Merchants Industry Holdings Co., Ltd. from December 2021 to December 2023. He has been the deputy finance director of China Merchants Industry Holdings Co., Ltd. since January 2024. Mr. LIN Changsen is also a director and supervisor of a number of enterprises under the China Merchants Industry Holdings Co., Ltd.

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**Mr. MA Tianfei (馬天飛)**, born in 1975, has been the director of the Group Office (Office of the Party Committee) of the Company since April 2021 and the chairman of the Labour Union of the Company since January 2022. Mr. MA joined the Company in March 2003 and successively served as the head of Corporate Culture, manager of Administrative Affairs Department, manager of Brand Management Department, manager of Public Affairs Department, manager of General Management Department, assistant to director and deputy director of the President's Office (now the Group Office). Mr. MA has been a deputy to the National People's Congress of Nanshan District, Shenzhen since September 2021. In July 2012, Mr. MA obtained a master's degree in science from University of Greenwich in the United Kingdom.

### (3) Senior Management

Information on the members of the senior management as at 31 December 2023 is set out below:

Name	Gender	Age	Position	Term of office
MAI Boliang	Male	64	Chairman and executive Director	From 27 March 2019 to 2024 annual Board meeting
GAO Xiang	Male	58	President	From 29 August 2023 to 2024 annual general meeting
LI Yinhui	Male	56	Vice President	From 13 March 2004 to 2025 annual Board meeting
HUANG Tianhua	Male	60	Vice President	From 27 March 2018 to 2024 annual Board meeting
YU Yuqun	Male	58	Vice President	From 27 March 2018 to 2024 annual Board meeting
ZENG Han	Male	48	Vice President and Chief Financial Officer (CFO)	From 28 March 2023 to 2025 annual Board meeting
WU Sanqiang	Male	53	Secretary to the Board/joint company secretary	From 30 March 2021 to 2024 annual Board meeting

## CHAPTER V CORPORATE GOVERNANCE

### **Brief biography of the senior management:**

**Mr. MAI Boliang (麥伯良)**, is the Chairman and executive Director of the Company. For details of Mr. MAI Boliang, please refer to “(1) Directors” of “1. Brief Biography of the Directors, Supervisors and Senior Management of the Company” under “V. Directors, Supervisors and Senior Management” in this Chapter.

**Mr. GAO Xiang (高翔)**, born in 1965, has been the president of the Company since 27 August 2020. Mr. GAO Xiang has been an assistant to the president of the Company since 2004, a vice president of the Company since 1 April 2015 and an executive vice president of the Company since 27 March 2018. Mr. GAO Xiang acted as the general manager of Tianjin CIMC North Ocean Container Co., Ltd., Tianjin CIMC Containers Co., Ltd., Tianjin CIMC Logistics Equipments Co., Ltd., Tianjin CIMC Vehicles Logistics Equipments Co., Ltd. and Tianjin CIMC Special Vehicles Co., Ltd., respectively, from 1999 to 2008. He served as the executive director and general manager of CIMC Enric Holdings Limited in 2009 and then the chairman of this company since 1 April 2015. Mr. GAO Xiang is also the chairman and director of certain subsidiaries of the Company. Mr. GAO Xiang graduated from Tianjin University majoring in marine and shipbuilding engineering. He is a senior engineer.

**Mr. LI Yinhui (李胤輝)**, born in 1967, has been a vice president of the Company since March 2004. He has been the chairman or director of a number of subsidiaries of the Company since 2004. He worked with us as part-time vice president from October 2002 to October 2003. Mr. Li worked in Ministry of Commerce from March 2003. From May 1993 to March 2003, he worked in State Commission of Foreign Trade and Economic Cooperation. Prior to that, Mr. Li worked in Central Committee of Chinese Communist Youth League. He received his bachelor degree in history from Jilin University in July 1991, an MBA degree from School of Business in Nanjing University in December 1997 and Ph.D. in world economics from Jilin University in June 2001.

## CHAPTER V CORPORATE GOVERNANCE

**Mr. HUANG Tianhua (黃田化)**, born in 1963, graduated from Dalian Jiaotong University (formerly Dalian Railway College) majoring in welding technique and engineering. Mr. HUANG Tianhua has been a vice president of the Company from 27 March 2018, the executive deputy general manager of CIMC Container (Group) Co., Ltd. from April 2020 and president of CIMC Container (Group) Co., Ltd. from February 2021. Mr. HUANG Tianhua is also the chairman of various major and subordinate companies under CIMC Container (Group) Co., Ltd., and chairman of numerous new enterprises such as CIMC IOT and CIMC Fisheries. In addition, Mr. Huang also fulfills a number of social responsibilities, serving as the director of the China Container Industry Association, vice secretary general of the National Standardization Technical Committee and member of Shenzhen Political Consultative Committee. Mr. HUANG Tianhua joined the Company in March 1988, and served as an engineer in Shenzhen Southern CIMC Containers Manufacture Co., Ltd. from March 1988 to 1995, the assistant to the general manager of Shanghai CIMC Reefer Container Co., Ltd. from 1995 to 1999, the general manager of Qingdao refrigeration base from 1999 to 2013 and the deputy general manager of CIMC Container (Group) Co., Ltd. from 2012 and 2020.

**Mr. YU Yuqun (于玉群)**, born in 1965, graduated from Beijing University and obtained a bachelor's degree and a master's degree in economics. Mr. YU Yuqun has been a vice president of the Company from 27 March 2018, and is a director of several subsidiaries of the Company. Mr. YU Yuqun has been appointed as an executive director of CIMC Enric Holdings Limited (Hong Kong stock code: 3899) since September 2007 and was re-designated as a non-executive director on 5 September 2016. Mr. YU Yuqun joined the Company in 1992 and subsequently worked as the deputy manager, manager of Financial Affairs Department and manager of the office of secretary to the Board of the Company. Mr. YU Yuqun was the secretary to the Board of the Company from March 2004 to 29 March 2021 and the company secretary from 25 October 2012 to 29 March 2021. Mr. YU Yuqun was a non-executive director of TSC Group Holdings Limited (currently referred as CMIC Ocean En-Tech Holding Co., Ltd., Hong Kong stock code: 00206), CIMC-TianDa Holdings Company Limited and Pteris Global Limited. From July 1987 to October 1989, Mr. YU Yuqun worked in the State Price Control Bureau.

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**Mr. ZENG Han (曾邗)**, born in 1975, has been the chief financial officer of the Company since 26 March 2020 and vice president and chief financial officer (CFO) of the Company since 28 March 2023. He had been the general manager of the former financial department of the Company since March 2017, and has been the general manager of the financial department of the Company formed by the merger of the former financial department and capital management department since January 2018. Mr. Zeng joined the Company in 1999, and has successively served as the manager of the accounting division of the financial department and an assistant to the general manager, a deputy general manager and the executive deputy general manager of the financial department. He also held a concurrent post as the manager of the financial department of CIMC Enric (Hong Kong stock code: 3899) from 2009 to 2010. Since 2015, he has consecutively been appointed as a director of a number of subsidiaries under the Group including CIMC Container Holding Co., Ltd., CIMC Vehicles (301039.SZ), CIMC Enric, Yantai CMIC Raffles Offshore Ltd., CIMC-TianDa Holdings Company Limited, CIMC Financial Leasing Co., Ltd. and Shenzhen CIMC Industry & City Development Group Co., Ltd., and held concurrent posts as the chairman of Shenzhen CIMC Investment Co., Ltd., CIMC Wetrans Logistics Technology (Group) Co., Ltd. and CIMC Capital (Holdings) Company Limited, the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd., CIMC Shenfa Development Co., Ltd. and the general manager of the financial informatization project department of the CIMC. Mr. ZENG Han graduated from Hangzhou Institute of Electronic Engineering with a bachelor's degree in economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. Mr. ZENG Han is a PRC certified public accountant.

**Mr. WU Sanqiang (吳三強)**, born in 1971, graduated from Peking University and obtained a bachelor's and master's degree in economics, and obtained a doctorate degree in economics from Jilin University. Mr. WU Sanqiang has been the secretary to the Board and joint company secretary of the Company since March 2021. Mr. WU Sanqiang joined the Company in November 2002, and he participated in the preparations for the establishment of CIMC's road transportation vehicles business and successively served as the manager of the strategic development department and the marketing management department and the deputy general manager of the marketing company of CIMC Vehicles (Group) Co., Ltd. Mr. WU Sanqiang was transferred to the strategic development department of the Company in 2010, and served as the deputy general manager and the director of mergers and acquisitions, and then worked in the legal department of the Company in 2014. Mr. WU Sanqiang was transferred to the office of the secretary to the Board of the Company, and has served as the director of the office of the secretary to the Board since the end of 2015. Mr. WU Sanqiang has worked in Luoyang Mining Machinery Factory (currently known as CITIC Heavy Industries Co., Ltd.) since July 1992, and in the financial affairs department and financial management department of China Merchants Holdings (Hong Kong) Company Limited since July 1996. In 1997, Mr. WU Sanqiang joined China Merchants Holdings (International) Company Limited, and successively served as the general manager of the transportation infrastructure department, industrial management department, and terminal management department, and then he worked in the corporate management department at the headquarters of China Merchants Group Limited.

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Save as disclosed above, all Directors, Supervisors, senior management and substantial Shareholders have no financial, business, family or other significant/related relationships with other Directors, Supervisors, senior management and substantial Shareholders.

### Whether there was any resignation of Directors, Supervisors and dismissal of senior management during the Reporting Period

Yes No

On 10 February 2023, the Company received the written resignation from Mr. LOU Dongyang, Supervisor, and Mr. LOU Dongyang's resignation will not come into effect until a new supervisor is elected at the Company's general meeting to fill the vacancy. On 16 March 2023, as considered and approved at the first extraordinary general meeting for 2023 of the Company, Mr. LIN Changsen was by-elected as a supervisor representing shareholders to fill a casual vacancy on the tenth session of the Supervisory Committee. Save as disclosed above, during the Reporting Period, there was no resignation of Directors, Supervisors or dismissal of senior management.

#### 2. Changes of Directors, Supervisors and Senior Management of the Company

姓名	Position	Type	Date	Reason
LOU Dongyang	Supervisor	Resigned	16 March 2023	Resignation due to changes in assignment
LIN Changsen	Supervisor	Elected	16 March 2023	Election
ZENG Han	Chief financial officer (CFO)	Re-appointed	28 March 2023	Re-appointment upon expiry
MAI Boliang	Vice president CEO	Appointed The Company ceased to offering a CEO position	28 March 2023 26 September 2023	Appointment The Company ceased to offering a separate CEO position according to the Articles of Association
ZHAO Feng	Non-executive Director	Elected	26 September 2023	Election

## CHAPTER V CORPORATE GOVERNANCE

### 3. Changes in Shareholdings of Directors, Supervisors and Senior Management

Name	Position	Number of shares held at the beginning of the Reporting Period (shares)	Increase in the number of shares held during the Reporting Period (shares)	Decrease in the number of shares held during the Reporting Period (shares)	Other movement (shares)	Number of shares held at the end of the Reporting Period (shares)	Reason for the movement of shares
MAI Boliang	Chairman and executive director	890,465 (A Shares)	0	0	0	890,465 (A Shares)	-
HUANG Tianhua	Vice president	810,000 (A Shares)	0	0	0	810,000 (A Shares)	-

On 1 June 2020, the operation scheme of the Company to establish a trust plan by utilizing the surplus funds from the bonus balance of the profit-sharing plan and make a contribution to the Partnership, which may be used by the Partnership to purchase H shares of the Company in the secondary market, was considered and approved at the 2019 annual general meeting of the Company (hereinafter referred as to the “**Operation Scheme**”). The total scale of the fund for the Operation Scheme shall not exceed RMB343 million, the valid period of which is ten years commencing from the date of approval at the general meeting. The participants of the Operation Scheme are the core key employees and senior/middle-level management personnel who play an important role in the overall performance and long-term development of the Company, including, among others, MAI Boliang, the Director and CEO of the Company, GAO Xiang, the president, LI Yinhui, the vice president, HUANG Tianhua, the vice president, YU Yuqun, the vice president, ZENG Han, Chief Financial Officer, (CFO) and WU Sanqiang, the Secretary of the Board. On 19 January 2021, the Company completed the purchase of Shares under the First Phase of the Trust Plan and the lock-up period expired on 19 January 2022. As of 31 December 2023, the Partnership under the First Phase of the Trust Plan has purchased 42,254,600 (31 December 2022: 40,731,100) H Shares of the Company cumulatively through the Southbound Stock Connect in the secondary market. The main changes were due to the increase in shareholding by dividend payments. On 18 June 2021, as considered and approved at the 16th meeting of the ninth session of the Board of the Company in 2021, the Second Phase of the Trust Plan was established by utilizing the surplus funds of RMB143 million from the bonus balance of the profit-sharing plan with a duration of 5 years in accordance with the Operation Scheme. On 8 October 2021, the Company completed the purchase of Shares under the Second Phase of the Trust Plan, and the lock-up period expired on 27 September 2022. As of 31 December 2023, the Partnership under the Second Phase of the Trust Plan has purchased 16,135,050 (31 December 2022: 15,688,650) H Shares of the Company cumulatively through the Southbound Stock Connect in the secondary market. The main changes were due to the conversion from the increase in shareholding by dividend payments. As of the date of disclosure of this report, both the First Phase of the Trust Plan and the Second Phase of the Trust Plan established by the Company under the Operating Scheme did not make any actual distribution.

During the Reporting Period, save as disclosed above, none of the Directors, Supervisors or Senior Management held shares of the Company.

## CHAPTER V CORPORATE GOVERNANCE

### 4. Interests of Directors, Supervisors and Chief Executives in the Share Capital of the Company and Associated Corporation thereof

As at 31 December 2023, the interests or short positions held by the Directors, Supervisors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) pursuant to Part XV of the SFO which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange in accordance with the Model Code contained in Appendix C3 of the Hong Kong Listing Rules, were as follows:

#### (1) Interest in the Shares of the Company

Name	Nature of Interest	Number	Type of the shares
MAI Boliang	Beneficial interest	890,465	A Share

#### (2) Interest in the Underlying Shares of the Company

For details of the interests in the underlying shares of the Company held by any Director, Supervisor and chief executive of the Company as at 31 December 2023, please refer to "X. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter V Corporate Governance" in this Report.

#### (3) Interest in the Associated Corporation of the Company

Name	Name of Corporation	Nature of Interest	Number of shares (shares)
MAI Boliang	CIMC Enric	Beneficial interest	7,260,000 (ordinary shares)

In addition to the above information, for details of the number of options and shares of the Company's subsidiaries granted to the Senior Management of the Company as at 31 December 2023, please refer to Note VIII.7(1) to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" in this Report.



## CHAPTER V CORPORATE GOVERNANCE

### 5. Job Status of Current Directors, Supervisors and Senior Management

For the professional background and major working experience of current Directors, Supervisors and Senior Management and their main responsibility in the Company, please refer to “1. Brief Biography of the Directors, Supervisors and Senior Management of the Company” of “V. Directors, Supervisors and Senior Management” in this Chapter.

#### (1) Job status in Shareholders' Company

Name	Name of Shareholders' company	Position in Shareholders' Company	Start of term of office	End of term of office	With compensation allowance from Shareholders' company or not
ZHU Zhiqiang	Shenzhen Capital Group	Director, General Manager, deputy secretary of the Party Committee	February 2021	-	Yes
HU Xianfu	China Merchants Industry Holdings Limited	Director, General Manager	November 2017	-	Yes
SUN Huirong	Shenzhen Capital Group	Supervisor and Director of Asset Management Department	September 2022, April 2021	-	Yes
DENG Weidong	China Merchants Group	Chief Strategy Officer, Director of Strategic Development/ Technology Innovation Department	August 2022, August 2021	-	Yes
SHI Lan	Shenzhen Capital Group	Deputy General Manager	August 2020	-	Yes
	Shenzhen Capital (Hong Kong)	Director	September 2020	-	No
LIN Changsen	China Merchants Industry Holdings Limited	Deputy finance director	December 2021	-	Yes
	Soares Limited	Director	February 2023	-	No

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### (2) Job Status in Other Companies excluded in the Scope of Consolidation of the Company

Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
MAI Boliang	Shenzhen CIMC Industry & City Development Group Co., Ltd.	Chairman	November 2010	-	No
ZHU Zhiqiang	Shenzhen Capital Group Co., Ltd.	Director	April 2021	-	No
ZHU Zhiqiang	CIMC Financial Leasing Co., Ltd.	Chairman	January 2022	January 2024	No
ZHU Zhiqiang	Shenzhen Huijin Intelligent Products Co., Ltd.	Chairman	December 2023	-	No
HU Xianfu	China Merchants Cruise Shipbuilding Co., Ltd.	Chairman	October 2018	-	No
HU Xianfu	Shenzhen Lianda Tug Co., Ltd.	Vice Chairman	November 2016	January 2024	No
HU Xianfu	China Merchants Commerce Financial Leasing Co., Ltd. (招商局通商融資租賃有限公司)	Director	July 2017	-	No
HU Xianfu	Sinoocean Offshore Assets Management Limited	Director	March 2019	-	No
HU Xianfu	China Merchants Financial Leasing Co., Ltd. (招商局融資租賃有限公司)	Director	November 2016	October 2023	No
HU Xianfu	China Merchants Heavy Industry Holdings Limited	Director	September 2015	-	No
HU Xianfu	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Chairman	April 2022	-	No
HU Xianfu	Yiu Lian Dockyards Limited	Director	September 2015	-	No
HU Xianfu	Zhaofa Aluminium Holdings Limited (招發鋁業控股有限公司)	Director	January 2016	-	No
HU Xianfu	China Ocean Engineering Equipment Technology Development Co., Ltd. (中國海洋工程裝備技術發展有限公司)	Director	December 2021	-	No

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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
DENG Weidong	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	–	No
DENG Weidong	China Merchants Taiping Bay Development and Investment Co., Ltd.	Director	April 2020	–	No
DENG Weidong	Sinotrans Limited	Director	November 2021	March 2024	No
DENG Weidong	China Merchants Securities Co., Ltd.	Director	April 2022	–	No
DENG Weidong	Chongqing Globebill Crossborder Technology Co., Ltd. (重慶錢寶跨境科技有限公司)	Director	April 2014	February 2024	No
SUN Huirong	Shenzhen Newccess Industrial Co., Ltd.	Director	December 2020	–	No
SUN Huirong	Shenzhen Nanshan Power Co., Ltd.	Director	April 2021	–	No
SUN Huirong	China Science and Technology Development Co., Ltd.	Supervisor	June 2020	–	No
SUN Huirong	Shenzhen Huijin Intelligent Products Co., Ltd.	Chairman of Supervisory Committee	October 2022	–	No
SUN Huirong	Ganneng Investment Management Co. Ltd.	Director	September 2021	–	No
SUN Huirong	ARTRON ART(Group) Co., Ltd.	Director	October 2022	–	No
SUN Huirong	Qianhai Reinsurance Co., Ltd.	Director	January 2022	–	No
SUN Huirong	S.E.C Zhuhai Hongwan Power Co., Ltd.	Director	July 2021	–	No
SUN Huirong	Shenzhen Institute of Building Research Co., Ltd.	Director	November 2021	–	No
SUN Huirong	Shenzhen Yilian Digital Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	–	No

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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
SUN Huirong	Shenzhen Wantong Post and Telecommunications Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	-	No
SUN Huirong	Shenzhen Jingcheng Communication Technology Co., Ltd.	Chairman of Supervisory Committee	August 2022	-	No
SUN Huirong	Hunan Kairuisi New Material Technology Co., Ltd.* (湖南凯睿思新材料科技有限公司)	Director	March 2022	-	No
SUN Huirong	Shenzhen HTI Group Co., Ltd.	Director	May 2022	-	No
SUN Huirong	Shenzhen Zhenye (Group) Co., Ltd.	Director	October 2022	-	No
SUN Huirong	Anhui Wantong Posts and Telecommunication Company Limited	Chairman of Supervisory Committee	August 2022	-	No
SUN Huirong	Shanghai ZXELINK Co., Ltd.	Chairman of Supervisory Committee	August 2022	-	No
SUN Huirong	Xi'an Zhongxing Jing Cheng Communication Company Limited	Chairman of Supervisory Committee	August 2022	-	No
SUN Huirong	Shenzhen MTC Co., Ltd.	Director	November 2022	-	No
SUN Huirong	Shenzhen Yuanzhi Joint Investment Co., Ltd. (深圳市遠致聯投资有限公司)	Chairman, General Manager	March 2023	-	No
SUN Huirong	Shenzhen Clou Electronics Co., Ltd.	Director	June 2021	March 2023	No
SUN Huirong	Shenzhen Tagen Group Co., Ltd.	Director	May 2021	January 2023	No
SUN Huirong	Shenzhen KaiHong Digital Industry Development Co., Ltd.	Director	December 2021	-	No
SUN Huirong	Shenzhen Pengkan Investment Co., Ltd.	Supervisor	December 2020	July 2023	No

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CORPORATE GOVERNANCE

Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
ZHAO Feng	Shandong Gold Mining Co., Ltd.	Independent director	December 2020	–	Yes
ZHAO Feng	China Longyuan Power Group Corporation Limited	Independent director	November 2021	–	Yes
ZHAO Feng	Xiamen International Bank Co., Ltd.	Independent director	December 2021	–	Yes
ZHANG Guanhua	Bank of Beijing Co., Ltd.	Independent director	December 2018	–	Yes
ZHANG Guanhua	Focus Media Information Technology Co. Ltd.	Independent director	November 2021	–	Yes
ZHANG Guanhua	Hexa Asset Management Co., Ltd.	Independent director	May 2021	–	Yes
ZHANG Guanhua	Susall Wave Digital Technology (Shenzhen) Co., Ltd.	Supervisor	July 2022	–	No
ZHANG Guanhua	China Alliance of Social Value Investment (社會價值投資聯盟)	Chairman	March 2020	–	No
YANG Xiong	Beijing Da Hua International Certified Public Accountants	Legal representative, senior partner	November 2023	–	Yes
YANG Xiong	Kingfa Sci. & Tech. Co., Ltd.	Independent director	January 2021	–	Yes
YANG Xiong	JSTI Group Co., Ltd.	Independent director	September 2021	–	Yes
YANG Xiong	Bank of Guiyang Co., Ltd.	Independent director	July 2017	February 2024	Yes
YANG Xiong	Guiyang Tianheng Accounting Consulting Service Co., Ltd.	Legal representative, executive director, general manager	August 2001	–	No
YANG Xiong	Guizhou Qilin Investment Co., Ltd.	Executive director	August 2008	–	No
YANG Xiong	Guizhou Tongfang Hongxiang Mining Investment Co., Ltd. (貴州同方弘翔礦業投資有限公司)	Supervisor	August 2018	–	No
YANG Xiong	Dahua Certified Public Accountants (Special General Partnership)	Member of the Management Committee, Managing Partner, Chief Accountant	October 2019	November 2023	Yes

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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
LUI FUNG Mei Yee, Mabel	Withers	Senior executive consultant	July 2017	-	Yes
LUI FUNG Mei Yee, Mabel	Magnificent Hotel Investments Limited	Director	Current	-	Yes
LUI FUNG Mei Yee, Mabel	Shun Ho Property Investments Limited	Director	Current	-	Yes
LUI FUNG Mei Yee, Mabel	Shun Ho Holdings Limited	Director	Current	-	Yes
SHI Lan	Shenzhen Yixin Technology Investment Co., Ltd.	General Manager, executive director	November 2020	-	No
SHI Lan	Shenzhen National Fintech Testing & Assessment Centre Co., Ltd.	Director	December 2020	-	No
SHI Lan	Shenzhen Zhenye (Group) Co., Ltd.	Director	May 2022	-	No
SHI Lan	Shenzhen Yuanzhi Venture Capital Co., Ltd.	Chairman, General Manager	February 2022, July 2023	-	No
SHI Lan	CIMC Financial Leasing Co., Ltd.	Chairman of Supervisory Committee	January 2022	-	No
SHI Lan	Shenzhen KaiHong Digital Industry Development Co., Ltd.	Chairman of Supervisory Committee	August 2021	-	No
SHI Lan	Wanho Securities Co., Ltd.	Chairman of Supervisory Committee	March 2020	-	No
SHI Lan	Shenzhen Gas Corporation Ltd.	Director	November 2023	-	No
SHI Lan	SDIC Capital Co., Ltd.	Director	December 2023	-	No
SHI Lan	Shenzhen Capital Group Co., Ltd.	Supervisor	December 2023	-	No

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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
LIN Changsen	China Merchants Cruise Shipbuilding Co., Ltd.	Director	July 2022	–	No
LIN Changsen	China Merchants JinLing Shipyard (Nanjing) Co., Ltd. (招商局金陵船舶(南京)有限公司)	Director	June 2022	–	No
LIN Changsen	Yiu Lian Dockyards (Shandong) Co., Ltd. (友聯修船(山東)有限公司)	Director	June 2022	–	No
LIN Changsen	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Director	May 2022	–	No
LIN Changsen	China Merchants JinLing Shipyard (Weihai) Co., Ltd. (招商局金陵船舶(威海)有限公司)	Director	April 2022	–	No
LIN Changsen	China Merchants Jinling Dingheng Shipping (Yangzhou) Co., Ltd. (招商局金陵鼎衡船舶(揚州)有限公司)	Director	April 2022	–	No
LIN Changsen	China Merchants Jinling Shipping (Jiangsu) Co., Ltd. (招商局金陵船舶(江蘇)有限公司)	Director	April 2022	–	No
LIN Changsen	China Merchants Marine Equipment Research Institute Co., Ltd.	Supervisor	April 2021	–	No
LIN Changsen	China Merchants Deepwater Equipment Research Institute (Sanya) Co., Ltd. (招商局深海裝備研究院(三亞)有限公司)	Supervisor	April 2021	–	No
LIN Changsen	FINE PERFECTION INVESTMENT LIMITED	Director	February 2021	–	No

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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
LIN Changsen	China Merchants New Material Technology (Chongqing) Co., Ltd. (招商局新材料科技(重慶)有限公司)	Supervisor	January 2021	-	No
LIN Changsen	China Merchants Industry Science and Technology Development (Shenzhen) Co., Ltd. (招商工業科技發展(深圳)有限公司)	Supervisor	March 2020	-	No
LIN Changsen	Wing Hing Shipping (Shanghai) Co., Ltd. (永興船舶(上海)有限公司)	Supervisor	February 2020	-	No
LIN Changsen	China Merchants Industry Science and Technology Development (Beijing) Co., Ltd. (招商工業科技發展(北京)有限公司)	Supervisor	February 2020	-	No
LIN Changsen	China Merchants Heavy Industry (Shenzhen) Co., Ltd. (招商局重工(深圳)有限公司)	Director	August 2017	-	No
LIN Changsen	Yiu Lian Dockyards (zhoushan) Limited	Director	April 2022	-	No
LIN Changsen	China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. (深圳市招商局海工投資有限公司)	Director	January 2023	-	No
LIN Changsen	China Merchants Development Co., Ltd. (招商局發展有限公司)	Director	January 2023	-	No
LIN Changsen	China Merchants Industrial Investment Co., Ltd (招商局工業投資有限公司)	Director	January 2023	-	No



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Name	Name of other companies	Position in other companies	Start of term of office	End of term of office	With compensation allowance from other companies or not
LIN Changsen	Yiu Lian Dockyards (Shekou) Limited	Director	September 2017	-	No
LIN Changsen	Yiu Lian Dockyards Holding Co., Limited	Director	February 2018	-	No
LIN Changsen	China Merchants Cruise Industry Development (Jiangsu) Co., Ltd. (招商局郵輪產業發展(江蘇)有限公司)	Supervisor	October 2018	-	No
HUANG Tianhua	Hongjing Zhiye (Beijing) Multimodal Transport Consulting Co., Ltd.	Chairman	December 2021	-	No
HUANG Tianhua	Shenzhen CIMC Industry & City Development Group Co., Ltd.	Director	September 2018	-	No
YU Yuqun	Beijing Longtian Cultural Development Co., Ltd. (北京龍田文化發展有限公司)	Director	January 2004	-	No
YU Yuqun	CIMC Financial Leasing Co., Ltd.	Vice Chairman	January 2022	-	No
YU Yuqun	CIMC Xinde Leasing (Shenzhen) Co., Ltd.	Director	April 2018	-	No
YU Yuqun	IMEIK Technology Development Co., Ltd.	Independent director	November 2022	-	Yes
YU Yuqun	Shenzhen CIMC Lvmai Industrial Development Co., Ltd. (深圳中集綠脈產業發展有限責任公司)	Director	October 2019	June 2023	No
ZENG Han	CIMC Financial Leasing Co., Ltd.	Director	January 2022	-	No
ZENG Han	CIMC Xinde Leasing (Shenzhen) Co., Ltd.	Director	April 2018	-	No
ZENG Han	Shenzhen CIMC Industry & City Development Group Co., Ltd.	Director	July 2017	-	No
WU Sanqiang	CIMC Xinde Leasing (Shenzhen) Co., Ltd.	Director	July 2021	-	No

## CHAPTER V CORPORATE GOVERNANCE

### **Penalties on the current and resigned Directors, Supervisors and Senior Management of the Company during the Reporting Period by the securities regulatory authority for the recent three years**

Applicable Not Applicable

#### 6. Remuneration of Directors, Supervisors and Senior Management

##### **(1) Decision-making Process, Basis for Determination and Actual Payment of Remuneration of Directors, Supervisors and Senior Management**

In accordance with the provisions of the Articles of Association, remuneration of the Company's Directors and Supervisors shall be determined by the General Meeting, while remuneration of the Senior Management shall be determined by the Board. During the Reporting Period, the Directors (apart from independent non-executive Directors) and Supervisors of the Company shall not receive remuneration due to holding the relevant positions of directors and supervisors. Senior Management shall receive remuneration from the Company or its subsidiaries. The Company has established complete salary system and remuneration regulations, and the Company adopts annual salary system. The Board of the Company shall pay remuneration to the Senior Management according to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board". The Company's senior management remuneration policy links financial interests of the senior management with the Group's operating results and the performance of its shares in the market.

Upon consideration and approval of the Board and the General Meeting, the independent non-executive Director was awarded with RMB240,000 per year as independent directors allowance during the Reporting Period. In addition, independent Directors did not receive other remuneration during the Reporting Period. The staff representative Supervisor received remuneration from the Company due to the other position he held at the Company.

The details of remuneration (pre-tax) of current Directors, Supervisors and Senior Management are described in the following remuneration table for Directors, Supervisors and Senior Management.

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### (2) Remuneration of Directors, Supervisors and Senior Management during the Reporting Period

Unit: RMB thousand

Name	Position	Gender	Age	Status	Total remuneration before tax from the Company (Cash compensation on an accrual basis, note 3)	Remuneration received from Shareholders' company or other related parties
MAI Boliang (Note 1)	Chairman, executive Director	Male	64	Current	11,101	No
ZHU Zhiqiang	Vice-chairman, non-executive Director	Male	49	Current	-	Yes
HU Xianfu	Vice-chairman, non-executive Director	Male	54	Current	-	Yes
SUN Huirong	Non-executive Director	Male	40	Current	-	Yes
DENG Weidong	Non-executive Director	Male	56	Current	-	Yes
ZHAO Feng	Non-executive Director	Female	54	Current	-	No
LUI FUNG Mei Yee, Mabel	Independent non-executive Director	Female	72	Current	240	No
ZHANG Guanghua	Independent non-executive Director	Male	66	Current	240	No
YANG Xiong	Independent non-executive Director	Male	57	Current	240	No
SHI Lan	Chairman of the Supervisory Committee	Female	50	Current	-	Yes
LIN Changsen	Supervisor	Male	54	Current	-	Yes
LOU Dongyang	Supervisor	Male	48	Resignation	-	Yes
MA Tianfei (Note 2)	Supervisor	Male	48	Current	2,540	No
GAO Xiang	President	Male	58	Current	6,260	No
LI Yinhui	Vice president	Male	56	Current	4,624	No
HUANG Tianhua	Vice president	Male	60	Current	4,815	No
YU Yuqun	Vice president	Male	58	Current	4,280	Yes
ZENG Han	Vice president and Chief Financial Officer	Male	48	Current	4,244	No
WU Sanqiang	Secretary to the Board, joint company secretary	Male	53	Current	3,146	No
<b>Total</b>	-	-	-	-	<b>41,730</b>	<b>-</b>

Note 1: In accordance with the Articles of Association, the executive Directors are also the senior management of the Company. As the Chairman and executive Director of the Company, Mr. MAI Boliang has received the remuneration from the Company due to his position of senior management in the Company.

Note 2: Mr. MA Tianfei received remuneration from the Company due to the other position he held at the Company apart from his position as Supervisor.

Note 3: "Total remuneration before tax from the Company" included performance bonus of senior management for 2022 determined on a basis of the 2022 annual performance appraisal, which was actually paid in 2023. In 2022, the overall operating results of the Company showed a strong momentum. In 2022, the Company recorded a revenue of RMB141.537 billion, with gross profit margin of 15.28% and the net profit attributable to shareholders and other equity holders of the Company of RMB3.219 billion.

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For details of the top five highest paid employees of the Group in 2023, please refer to Note VIII. 8 to “Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE” of this report.

### VI. PERFORMANCE OF DIRECTORS’ DUTIES DURING THE REPORTING PERIOD

#### 1. The Duty Performance of the Directors during the Reporting Period

For details of the duty performance of the Directors during the Reporting Period, please refer to “II. The Board” under “Part II: Corporate Governance Report (Prepared in accordance with the Requirements of the Hong Kong Listing Rules)” in this chapter.

#### 2. Attendance of the Directors at the Board meetings and general meetings

Please refer to “(3) Board meetings” of “II. The Board” under “Part II: Corporate Governance Report (Prepared in accordance with the Requirements of the Hong Kong Listing Rules)” in this chapter for details of attendance of the Directors at the Board meetings and general meetings.

#### 3. Directors’ Opposition to Relevant Proposals of the Company

During the Reporting Period, the Directors did not present any opposition to relevant proposals of the Company.

#### 4. Other Descriptions to Duty Performance of the Independent Directors

Nil.

### VII. DUTY PERFORMANCE OF SPECIAL COMMITTEES OF THE BOARD DURING THE REPORTING PERIOD

The Board has set up five special committees, i.e. Audit Committee, Remuneration and Appraisal Committee, Strategic Development Committee, Nomination Committee and Risk Management Committee. These special committees conscientiously performed their duties in accordance with the Code of Corporate Governance for Listed Companies, the Hong Kong Listing Rules, the Articles of Association, the Rules of Procedures for the Board, and the authorities and obligations mandated by the implementation rules of each special committee.

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(I) During the Reporting Period, the attendance of each member at special board committees:

Name	Number of attendance/Number of meetings to be attended				
	Remuneration and Appraisal Committee meeting	Nomination Committee meeting	Audit Committee meeting	Strategy Committee meeting	Risk Management Committee meeting
MAI Boliang	-	2/2	-	4/4	-
ZHU Zhiqiang	-	2/2	-	4/4	-
HU Xianfu	-	-	-	4/4	-
SUN Huirong	2/2	-	-	-	6/6
DENG Weidong	2/2	-	-	-	6/6
LUI FUNG Mei Yee, Mabel	2/2	2/2	13/13	-	6/6
ZHANG Guanghua	2/2	2/2	13/13	4/4	6/6
YANG Xiong	2/2	2/2	13/13	4/4	6/6

(II) During the Reporting Period, the work of each special board committee is as follows:

	Session of meeting	Date	Resolutions of meeting
Remuneration and Appraisal Committee	The 1st meeting in 2023	2 November 2023	Opinion on the 2022 performance appraisal of personnel appointed by the Board
	The 2nd meeting in 2023	28 December 2023	Opinion on the 2022 bonus distribution plan for personnel appointed by the Board
Nomination Committee	The 1st meeting in 2023	28 March 2023	Opinion on the compliance of the structure, size and composition of the Board of the Company with the requirements of the Code of Corporate Governance for Listed Companies and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the implementation of the policy of the diversity of Board members; Opinion on the proposal to the Board on appointment of Mr. ZENG Han as the vice president and CFO of the Company based on the nomination from Mr. MAI Boliang, the CEO
	The 2nd meeting in 2023	29 August 2023	Opinion on the proposed to the Board on re-appointment of Mr. GAO Xiang as the president of the Company based on the nomination from Mr. MAI Boliang, the CEO, the proposed to the Board on nomination of Ms. ZHAO Feng as the candidate for the non-executive Director of the 10th session of the Board, and approval of proposing the above matters to the 13th meeting in 2023 of the 10th session of the Board for consideration

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	Session of meeting	Date	Resolutions of meeting
Audit Committee	The 1st meeting in 2023	23 February 2023	Opinions on the continuing connected transaction/ordinary related-party transaction with relevant subsidiaries of Shenzhen Capital Holdings Co., Ltd.
	The 2nd meeting in 2023	16 March 2023	No matters to be resolved
	The 3rd meeting in 2023	28 March 2023	Opinions on the Resolution regarding the 2022 Financial Reports of China International Marine Containers (Group) Co., Ltd., the 2022 Annual Self-assessment Report on Internal Control of China International Marine Containers (Group) Co., Ltd., the Resolution regarding the Execution of Continuing Connected Transaction/Ordinary Related-party Transaction of 2022, the Resolution regarding the Provision of Guarantee for Shenzhen CIMC Industry & City Development Group Co., Ltd. and its subsidiaries by CIMC and the Resolution regarding the Provision of Guarantee for CIMC Financial Leasing Co., Ltd. and its subsidiaries
	The 4th meeting in 2023	27 April 2023	Opinion of the Audit Committee of the 10th session of the Board on the first quarterly financial report in 2023
	The 5th meeting in 2023	28 April 2023	No matters to be resolved
	The 6th meeting in 2023	19 May 2023	Opinion of the Audit Committee of the 10th session of the Board on the Evaluation of the Work of the Accounting Firm in 2022 and proposal on the auditors for 2023
	The 7th meeting in 2023	26 June 2023	Opinion on the continuing connected Transactions/ordinary related-party transaction with China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. (深圳市招商局海工投資有限公司)
	The 8th meeting in 2023	29 August 2023	Opinion on the 2023 Interim Financial Report of China International Marine Containers (Group) Co., Ltd., the Resolution regarding Update to the Provision of Related Guarantee for CIMC Financial Leasing Co., Ltd. and its Subsidiaries by CIMC in 2023 and Bidding Plan on 2024 Annual Audit Services Agency for CIMC

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	Session of meeting	Date	Resolutions of meeting
	The 9th meeting in 2023	16 October 2023	Opinion on the establishment of the first tranche fund “Shenzhen New-type Storage Industry Equity Fund (深圳市新型儲能產業股權基金)”
	The 10th meeting in 2023	26 October 2023	No matters to be resolved
	The 11th meeting in 2023	30 October 2023	Opinion of the Audit Committee of the 10th session of the Board on the third quarterly financial report in 2023
	The 12th meeting in 2023	20 December 2023	No matters to be resolved
	The 13th meeting in 2023	28 December 2023	Opinion on the continuing connected Transactions/ordinary related-party transaction with China Merchants Shekou Industrial Zone Holdings Co., Ltd. and its subsidiaries
Strategy Committee	The 1st meeting in 2023 of the 10th session	28 March 2023	1. Opinion on the approval of the Report on the Review of Implementation of Strategy Plan in 2022 and Outlook for 2023 and Summary of ESG Work in 2022 and Report on Work Priorities for 2023 of CIMC at the 4th meeting in 2023 of the 10th session of the Board; 2. Opinion on the approval of the Social Responsibility and ESG Report of China International Marine Containers (Group) Co., Ltd. for 2022 prepared by the Company and the approval of proposing to the fourth meeting in 2023 of the 10th session of the Board for consideration
	The 2nd meeting in 2023 of the 10th session	29 August 2023	No matters to be resolved
	The 3rd meeting in 2023 of the 10th session	12 December 2023	Opinion on the Strategy Plan of CIMC for 2023–2027
	The 4th meeting in 2023 of the 10th session	20 December 2023	Opinion on the list of ESG materiality issues for 2023 and key issues of the Board’s statement
Risk Management Committee	The 1st meeting in 2023	28 March 2023	Opinion on the 2022 Annual Self-assessment Report on Internal Control of China International Marine Containers (Group) Co., Ltd.
	The 2nd meeting in 2023	28 April 2023	No matters to be resolved
	The 3rd meeting in 2023	29 August 2023	Opinion on the relevant compliance management systems
	The 4th meeting in 2023	12 October 2023	Opinion on the Compliance Standards of CIMC
	The 5th meeting in 2023	26 October 2023	No matters to be resolved
	The 6th meeting in 2023	20 December 2023	No matters to be resolved

## CHAPTER V CORPORATE GOVERNANCE

### (III) Remuneration and Appraisal Committee

#### 1. Duties and responsibilities of the Remuneration and Appraisal Committee

The main duties and responsibilities of the Remuneration and Appraisal Committee of the Company include: (1) to study and formulate the appraisal standards for directors and senior management, conduct such appraisal and make recommendations; (2) to make recommendations to the Board on the remuneration policy and structure for all directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy; (3) to make recommendations to the Board on the remuneration packages of directors and senior management taking into account remuneration paid by comparable companies, time commitment and responsibilities of directors and employment conditions elsewhere in the Group; (4) to review the remuneration proposals for directors and senior management of the Company with reference to the corporate objectives, business policies and goals established by the Board; (5) to review the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive; (6) to review the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; the compensation arrangements relating to dismissal or removal of any non-executive directors who are members of the Remuneration and Appraisal Committee for misconduct shall be reviewed by other members of the Remuneration and Appraisal Committee; (7) to ensure that no directors or any of their associates (as defined in Hong Kong Listing Rules) are involved in determining his/her own remuneration; the remuneration of any non-executive directors who are members of the Remuneration and Appraisal Committee shall be determined by other members of the Remuneration and Appraisal Committee who shall also make recommendations to the Board on such matter; (8) to formulate the equity incentive plans in accordance with the requirements of relevant laws, regulations or regulatory documents; to be responsible for considering and/or approving the administration of equity plans and matters relating to share schemes as described under Chapter 17 of the Hong Kong Listing Rules; and to be responsible for the administration of equity plans, including but not limited to reviewing the eligibility of participants, conditions of grant and conditions of exercise of the equity incentive plans; the equity incentive plans shall be submitted to the general meeting for approval according to the laws; (9) other matters authorized by the Board of Directors as well as other powers conferred by the laws, regulations, relevant regulatory rules in the jurisdictions where the shares of the Company are listed, the rules of procedures for the Board of the Company, terms of reference of the Remuneration and Appraisal Committee and the Board; should there be any inconsistency in the relevant regulatory rules in the jurisdictions where the shares of the Company are listed, the Remuneration and Appraisal Committee shall report its decisions or proposals to the Board.

#### 2. Members of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee comprises five Directors, including three independent non-executive Directors and two non-executive Directors. Current members include chairman, namely, Mr. ZHANG Guanghua and members, namely, Ms. LUI FUNG Mei Yee, Mabel, Mr. YANG Xiong, Mr. SUN Huirong and Mr. DENG Weidong.



## CHAPTER V CORPORATE GOVERNANCE

### 3. Decision procedures for remuneration

The appraisal procedures of the Remuneration and Appraisal Committee for the directors and senior management include: (1) the Remuneration and Appraisal Committee determines the list of staff to be appraised and submits to the Board for consideration and approval; (2) the staff to be appraised submit a work report and provide self-evaluation to the Remuneration and Appraisal Committee of the Board; (3) the Remuneration and Appraisal Committee evaluates the performance of the staff based on the evaluation criteria and procedures; and (4) the Remuneration and Appraisal Committee proposes the remuneration scheme or recommendation for each staff member based on their results of performance evaluation and the remuneration distribution policy, and reports it to the Board after passing the vote.

According to the Implementation Rules of the Remuneration and Appraisal Committee, the remuneration plan of the Company's Directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for discussion and consent, and then submitted to the general meeting for consideration and approval before implementation; the remuneration distribution plan for senior management shall be submitted to the Board for examination and approval before implementation. Model (ii) of Rule B.1.2(c) in Appendix C1 of the Hong Kong Listing Rules is adopted for the procedures that determine the remuneration.

#### (IV) Nomination Committee

##### 1. Duties and responsibilities of the Nomination Committee

The main duties and responsibilities of the Nomination Committee are: (1) to develop criteria and procedures for the selection of Directors and senior management, and to offer advice in this regard; (2) to select qualified Director candidates and senior management candidates; (3) to review the selection of Director candidates and senior management candidates and offer advice in this regard; (4) to deal with other matters authorized by the Board of Directors.

##### 2. Members of the Nomination Committee

The Nomination Committee comprises five Directors, including three independent non-executive Directors, one executive Director and one non-executive Director. Current members include chairman, namely, Ms. LUI FUNG Mei Yee, Mabel and members, namely, Mr. MAI Boliang, Mr. ZHU Zhiqiang, Mr. ZHANG Guanghua and Mr. YANG Xiong.

## CHAPTER V CORPORATE GOVERNANCE

### 3. Policy of diversity of the Board members

The Implementation Rules for the Nomination Committee of the Company clarified the policy of diversity of the Board members, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, such measurable criteria include but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made.

In setting members of the Board, the Board and the Nomination Committee will select candidates based on diversified perspectives and measurable goals. The Company currently has two female Directors on the Board; the number of independent non-executive Directors is not less than one third; the executive and non-executive Directors have extensive and abundant experience in business and management; and the independent non-executive Directors have professional qualifications and abundant experience in financial, fiscal, legal and other aspects. For the personal information of all Directors, please refer to "1. Brief Biography of the Directors, Supervisors and Senior Management of the Company" under "V. Directors, Supervisors and Senior Management" under this chapter. The current diversified composition of the Board brings a broad vision and a high level of professional experience to the Board and maintains an independent element within the Board to ensure that the Board is able to effectively make independent judgments and scientific decision when studying and considering material issues. In 2023, the Nomination Committee has reviewed the composition, size and structure of the Board and the Nomination Committee, having considered the business needs of the Company, considered that the current composition of the Board has achieved a landscape of diversity. After review, the Board is of the view that the implementation of the policy on diversity of Board members is feasible and effective.

### 4. Procedures and criteria of nomination of Directors

Pursuant to the Articles of Association, election and replacement of Directors shall be proposed to a general meeting for approval. According to the Implementation Rules of the Nomination Committee, the procedures of nomination and selection of Directors should include: (1) the Nomination Committee shall proactively exchange views with relevant departments of the Company to study the need of the Company for new Directors, and formulate written materials; (2) the Nomination Committee may conduct extensive search for candidates for directorship among employees of the Company, its Shareholders and in the open recruitment market; (3) information including the profession, education, professional titles, detailed work experience and all part-time jobs etc. of the preliminary candidates shall be collected, and written materials shall be formulated; (4) the nominee's consent to nomination shall be sought, failing which such nominee shall not be named as a candidate for directorship; (5) a meeting of the Nomination Committee shall be convened, at which qualification-vetting of the preliminary candidates shall be carried out based on the terms of appointment for Directors; (6) the Nomination Committee shall submit its recommendations for candidates for directorship together with relevant materials to the Board one to two months prior to the election of new Directors; and (7) other subsequent tasks to be undertaken pending on the decision and feedback of the Board.

## CHAPTER V CORPORATE GOVERNANCE

### (V) Audit Committee

#### 1. Duties and responsibilities of the Audit Committee

The main duties and responsibilities of the Audit Committee include: (1) to monitor and assess the performance of the external auditing job, to make proposals regarding the appointment or replacement of the external auditor; (2) to supervise the internal audit system of the Company and its implementation; (3) to be responsible for the communication between the external auditing and the internal auditing; (4) to examine the financial information of the Company and the disclosure thereof; (5) to supervise and evaluate the internal control of the Company; (6) matters relating to laws and regulations and these Articles of Association and other matters authorized by the Board of Directors.

#### 2. Members of the Audit Committee

The Audit Committee comprises three independent non-executive Directors. Current members include, chairman, namely, Mr. YANG Xiong and members, namely, Ms. LUI FUNG Mei Yee, Mabel and Mr. ZHANG Guanghua.

### (VI) Strategy Committee

The main duties and responsibilities of the Strategy Committee of the Company are: to study and make recommendations on the Company's long-term strategic development plan (including sustainable development strategy), on the major investment programme that is subject to the approval of the Board, and on the major capital operations and asset management projects that shall be subject to the approval of the Board; to conduct research on ESG management guidelines, objectives, strategies, materiality issues and budgets, identify and make recommendations on risks and opportunities, monitor implementation and review progress against objectives; to review ESG reports and disclosure regarding the Group's sustainability, and make recommendations for approval for publication or disclosure; and to perform other duties authorised by the Board.

Members of the Strategy Committee comprise one executive Director, two non-executive Directors and two independent non-executive Directors. Current members include chairman, namely, Mr. MAI Boliang, and members, namely, Mr. ZHU Zhiqiang, Mr. HU Xianfu, Mr. ZHANG Guanghua and Mr. YANG Xiong.

During the Reporting Period, the Strategy Committee of the Company held meetings through interviews, telephone, email, electronic communications and other methods to discuss important matter of the Company, kept close and effective communication and ensured the performance of its duties and responsibilities.

## CHAPTER V CORPORATE GOVERNANCE

### (VII) Risk Management Committee

In order to further strengthen the risk management and internal control system, enhance the risk control capability and optimise the corporate governance structure of the Company, the Risk Management Committee was established by the Board.

#### 1. Duties and responsibilities of the Risk Management Committee

The main duties and responsibilities of the Risk Management Committee include: (1) to supervise and provide guidance on strengthening the risk management and internal control system of the Company; (2) to consider the planning for the risk management and internal control system of the Company, the annual work plan and annual report; (3) to consider the establishment of administrative organisations of the risk management and internal control system of the Company and proposals on their responsibilities; (4) to consider the relevant rules and regulations and work flows of the risk management and internal control system of the Company; (5) to consider the Company's strategies on risk management and its risk management solutions for significant risks; (6) to study the risks and risks control of significant issues in major investment & financing activities and operation management, making recommendations to the Board in respect thereof; (7) to study the significant findings of investigations on major risk emergency events or other risk management and internal control related issues as well as the feedback from the management; and (8) to handle other affairs as authorised by the Board concerning comprehensive risk management.

#### 2. Members of the Risk Management Committee

During the Reporting Period, the Risk Management Committee comprised two non-executive Directors and three independent non-executive Directors. Current members include chairman, namely, Mr. SUN Huirong, and members, namely, Mr. DENG Weidong, Ms. LUI FUNG Mei Yee, Mabel, Mr. ZHANG Guanghua and Mr. YANG Xiong.

## VIII. OPERATION OF THE SUPERVISORY COMMITTEE

Any risk of the Company discovered by the Supervisory Committee in its supervision during the Reporting Period

Yes  No

The Supervisory Committee has no objection to the supervision items during the Reporting Period.

## CHAPTER V CORPORATE GOVERNANCE

### IX. PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES OF THE COMPANY

1. Formulation, implementation or adjustment of profit distribution policy (especially the cash dividend policy) during the Reporting Period

Applicable   Not Applicable

The Company has adopted a stable dividend distribution policy in strict compliance with its relevant commitments in the Articles of Association. At present, the Company distributes dividend to Shareholders once a year, namely the final dividend, and commits that the total profit distributed in the form of cash dividend for the consecutive three years from 2022 to 2024 shall not be less than 30% of the average annual distributable profit of the Company in the three years. The Company's stable and active dividend distribution policy has received welcome from its Shareholders and fully protects the interests of its minority Shareholders. The Articles of Association specifically stipulates the Company's dividend distribution: the Company's final dividend will be determined at the general meeting by way of ordinary resolutions. The Company has been in strict compliance with the Articles of Association and relevant regulatory requirements over the years for its decision-making on dividend distribution. The Company strives to achieve outstanding operating results and deliver a good return for its Shareholders.

Both of the Company's plan for profit distribution and plan for conversion of capital reserves into share capital comply with the Company's Articles of Association and other relevant provisions during the Reporting Period.

#### Particulars of Cash Dividend Policy

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

There are no arrangements by which Shareholders waived or agreed to waive any dividend.

## CHAPTER V CORPORATE GOVERNANCE

2. The Company recorded a profit during the Reporting Period, and the profit distributable to the ordinary Shareholders of the Company was positive. However, the Company did not propose a cash dividend distribution plan of ordinary shares

Applicable Not Applicable

3. Description of profit distribution and share capital increase by way of transfer from capital reserve during the Reporting Period

Applicable Not Applicable

Number of bonus shares for every 1 share (share)	–
Dividend for every 1 share (RMB) (including tax)	0.022
Number of shares converted for every 1 share (share)	–
Basis of share capital of distribution plan (share)	5,367,874,835
Amount of cash dividend (RMB thousand) (including tax)	118,093
Amount of cash dividend in other ways (i.e. share repurchase) (RMB thousand)	–
Cash dividend in total (including amount in other ways) (RMB thousand)	
(including tax)	118,093
Distributable profit (RMB thousand)	357,049
% of cash dividend in total (including amount in other ways) to total profit distribution	100%

### Description of cash dividend

Where the Company is in its developing stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits.

### Description of details of profit distribution or share capital increase by way of transfer from capital reserves

Based on the Group's 2023 operation results and taking into account the Group's overall conditions of financial position and cash flows, the profit distribution plan of the Company for 2023 upon consideration and approval of the Board is as follows: distribute RMB0.022 in cash (including tax) for every 1 share held by all shareholders based on 5,367,874,835 shares (deducting of 24,645,550 repurchased shares from the total share capital of 5,392,520,385 shares of the Company as at 31 December 2023). No bonus shares will be issued; and without increasing share capital by way of transfer from capital reserves. If there is any change in the share capital of the Company after the Board has considered the profit distribution proposal while before the implementation of the proposal, the per share dividend amount will be adjusted with the total distribution amount unchanged.

## CHAPTER V CORPORATE GOVERNANCE

### X. IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

1. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or other employee incentive measures

#### **The Core Employee Stock Ownership Scheme of the Company**

On 28 June 2022, as approved at the 2021 annual general meeting of the Company, it was agreed that the "Core Employee Stock Ownership Scheme" (hereinafter referred to as the "**Stock Ownership Scheme**") is to be established with the legal remuneration and bonus amounts of the employees for the bonus drawn by the Company under the profit sharing scheme and the operation plan of purchasing A shares of the Company in the secondary market or transferring A shares repurchased by the Company is to be implemented; and it was also agreed that the "Core Employee Stock Ownership Scheme of China International Marine Containers (Group) Co., Ltd." (hereinafter referred to as the "**Scheme**") is to be formulated in accordance with the aforesaid operation plan. The duration of the Scheme is ten years, commencing from the date on which the Scheme is considered and approved at the shareholders' general meeting of the Company. The lock-up period of the A shares of CIMC purchased in the secondary market by Tranches of Stock Ownership Schemes under the Scheme or transferred from those repurchased by the Company is 12 months, and no trading can be conducted during the lock-up period.

#### **(1) Purpose of the Core Employee Stock Ownership Scheme**

By implementing the Scheme, the Company will further improve the modern corporate governance system, stimulate employees' sense of mission and responsibility, and guide employees to operate steadily, which is conducive to promoting the long-term, sustainable and healthy development of the Company, and boosting the confidence of the capital market in the Company.

#### **(2) Participants and Shareholding Limit**

The Participants of the Stock Ownership Scheme include senior management appointed by the Board of the Company, some members of the executive committee of the Company (excluding general managers of subsidiaries), and heads of functional departments at the Company's headquarters, etc. The funds of the Scheme come from the legal salary and bonus amount of the Participants under the Company's Bonus of Profit Sharing Plan, and there is no situation where the Company provides financial assistance or guarantees to the Participants. The total number of shares of the Company held by each subsisted Stock Ownership Scheme under the Scheme shall not, in aggregate, exceed 10% of the Company's total share capital and the total number of shares corresponding to shareholding interests obtained by individual Participant shall not, in aggregate, exceed 1% of the Company's total share capital.

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### (3) Allocation of Interests

When Tranches of the Stock Ownership Schemes under the Scheme are established, the shareholding interests that can be enjoyed by the Participants of the Stock Ownership Scheme shall be determined by the legal salary and bonus amount of them under the Bonus of Profit Sharing Plan. Upon the expiration of the lock-up period of the Company's shares held by the Tranches of Stock Ownership Schemes, the Stock Ownership Scheme may, on the premise that it complies with laws and regulations and the relevant provisions of the Scheme, transfer A shares of the Company held by the Stock Ownership Scheme to the Participant's stock accounts through non-trading transfer, or sell the A Shares of the Company held by the Stock Ownership Scheme in the secondary market and distribute the proceeds to the Participants, or other legal means, according to the instructions of the Participants' Meeting Council.

### (4) Progress of the Core Employee Stock Ownership Scheme

As at the disclosure date of this Report, the Company has not yet implemented any phase of the Core Employee Stock Ownership Scheme.

As the Core Employee Stock Ownership Scheme of the Company is an operation plan to purchase A shares in the secondary market or transferring A shares repurchased by the Company which does not involve the issuance of any new Shares of the Company, no share is available for issue under the Core Employee Stock Ownership Scheme as at the date of this report.

## 2. Implementation of the Share Option Incentive Scheme, Employee Stock Ownership Scheme or other employee incentive measures by the Company's subsidiaries

There are no share schemes of major subsidiaries of the Company that are required to be disclosed under Chapter 17 of the Hong Kong Listing Rules.

For details of implementation of share option incentive scheme, employee stock ownership scheme or other employee incentive measures of other subsidiaries of the Company, please refer to Note IX. 2 of "Chapter X Financial Statements and Audit Report Prepared in accordance with CASBE" in this report.

## 3. Options granted to Directors, Supervisors and senior management during the Reporting Period

There was no options granted to Directors, Supervisors and senior management of the Company during the Reporting Period.

## 4. Appraisal and incentives of senior management

In order to promote the Company's development in a standardized sound and orderly manner, to attract more talents and to maintain the stability of the senior management, the Board has formulated the Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board, and established the performance appraisal and incentive and restraint mechanisms which link the remuneration of senior management with both the Company's performance and individual performance, in accordance with the Company's targets of medium and long-term development strategy and the interests of all Shareholders.



## CHAPTER V CORPORATE GOVERNANCE

### XI. DEVELOPMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

#### 1. Development and implementation of internal control system

The Company has continued to implement full coverage of internal control system development for new enterprises that have been acquired or established for one year in accordance with the Basic Standard for Business Internal Control, the Guidelines on Application of Business Internal Control and other requirements. The Company's business cycle incorporated into the internal control system includes the 18 application modules stipulated in the Basic Standard for Business Internal Control such as production and operation, financial management, organisation, personnel management, ESG, and the management of subsidiaries, related party transactions and information disclosure. Based on different business characteristics, targeted internal control templates were developed and internal control self-assessments were conducted for key risky businesses.

In 2023, the Company concentrated its internal control efforts in the following aspects: 1. strengthening construction of its regulatory system with the external regulation, relevant laws and regulations and the Company's priorities taken into account; 2. continuously creating an autonomous risk control organizational atmosphere and implementing a normalized three-level inspection mechanism; 3. promoting the implementation of achievements of core elements of the Company's risk control system on a pilot basis and expanding the implementation scope of risk control effectiveness evaluation; 4. strengthening dissemination of requirements from external regulatory authorities and the Group in relation to risk control, and disseminating domestic and overseas risk control information and trends in a lively and understandable form. As at the date of this report, the Company's internal control mechanism is operating effectively.

#### 2. Details of material defects of internal control detected during the Reporting Period

Yes No

According to the findings in identifying the Company's significant deficiency in internal controls over financial reporting, as at the baseline date of the internal controls assessment report (31 December 2023), the Company has no significant deficiency in internal controls over financial reporting. The Board is of the opinion that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective internal controls over financial reporting in all material aspects.

According to the findings in identifying the Company's significant deficiency in internal controls over non-financial reporting, as at the baseline date of the internal controls assessment report (31 December 2023), the Company has not found any significant deficiency in internal controls over non-financial reporting.

## CHAPTER V CORPORATE GOVERNANCE

### XII. MANAGEMENT AND CONTROL OVER SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD

1. The Company shall disclose the management and control over its subsidiaries during the Reporting Period:

In order to ensure the achievement of its overall business objectives and to reduce operational risks, the Company, in addition to exercising control over its subsidiaries through equity control relationships, has also developed a set of management systems that meet the requirements of the Group's corporate governance and diversified development through the hierarchical management model comprising the Executive Committee of the Group, the Special Committees of the Group, and the board of directors of its controlling subsidiaries, such as the Strategic Planning Management System, the Investment Management System, the Business Plan Management System, Management Reporting System, Audit Management of Internal Control, Management System of Core Executives and Management Measures of Performance Contracts, etc. to regulate and control the controlling subsidiaries in terms of business plan, financial budget, investment and capital management, risk control, core personnel and performance assessment, forming a closed loop of 5S+HR management system. At the same time, the Company has strengthened its ability to manage the operations of the board of directors of its subsidiaries and the ability to dispatch directors and supervisors of subsidiaries, and has formulated the Guidelines for Duty Performance by Directors and Supervisors Dispatched to clarify the roles and responsibilities of the directors and supervisors dispatched in various matters of the board of directors of its subsidiaries, so as to effectively strengthen the management compliance of its subsidiaries and prevent risks.

2. Content below shall be disclosed in case of increase of subsidiaries arising from acquisition during the Reporting Period:

Company Name	Integration Plan	Progress in Integration	Problems		Progress in Solution	Subsequent Solution Plan
			Encountered In integration	Solution Measures Taken		
CIMC Environmental Protection Technology (Guangdong) Co., Ltd. (中集環保科技(廣東)有限公司) (formerly known as Dingrong Construction Co., Ltd. (鼎榮(廣東)建設有限公司))	It is planned to acquire 100% equity interest of the target company with XHCIMCS as the subject, the target company will operate independently as the subject of the environmental protection business and will be gradually incorporated into the CIMC management system by appointing the chairman and treasurer.	1. The target company has been renamed as CIMC Environmental Protection Technology (Guangdong) Co., Ltd. (中集環保科技(廣東)有限公司); 2. The registered capital of the target company is being paid in, and it will operate independently after the paid-in is completed.	No	No	No	No

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Company Name	Integration Plan	Progress in Integration	Problems Encountered In integration	Solution Measures Taken	Progress in Solution	Subsequent Solution Plan
CIMC Construction Engineering (Guangdong) Co., Ltd. (中集建築工程(廣東)有限公司) (formerly known as Guangdong Mingtian Lvjian Engineering Technology Co., Ltd. (廣東明田綠建工程科技有限公司))	It is planned to acquire 100% equity interest of Guangdong Mingtian CIMC Building Technology as the subject, so as to obtain the first-class qualification of general engineering construction contracting.	<ol style="list-style-type: none"> <li>The industrial and commercial change of the target equity has been completed;</li> <li>The target company has been renamed as CIMC Construction Engineering (Guangdong) Co., Ltd. (中集建築工程(廣東)有限公司);</li> <li>The business is in a smooth transition.</li> </ol>	No	No	No	No
Guangxi Jingyitong Logistics Co., Ltd. (廣西景怡通物流有限公司)	Complete the acquisition of the target company, and include the personnel and finance of the target company into the management hierarchy and management system of CIMC Transpack Technology.	It has been basically completed.	No	No	No	No
Yunnan Juqian Transportation Co., Ltd. (雲南聚黔運輸有限公司)	Complete the acquisition of the target company, and include the personnel and finance of the target company into the management hierarchy and management system of CIMC Transpack Technology.	It has been basically completed.	No	No	No	No
Chengdu Lanshi Low-temperature Technology Ltd.	<ol style="list-style-type: none"> <li>Complete the acquisition of 70% equity interest of the target company and related industrial and commercial registration.</li> <li>Complete the management system interconnection and guidance between the functional departments and the team of Chengdu Lanshi Low-temperature Technology Ltd.</li> <li>Complete the daily operation and management.</li> </ol>	The closing, integration and the payment of the first equity amount have been completed.	No	No	No	No

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Company Name	Integration Plan	Progress in Integration	Problems Encountered In integration	Solution Measures Taken	Progress in Solution	Subsequent Solution Plan
Kunzel Maschinenbau GmbH	<ol style="list-style-type: none"> <li>1. Complete the acquisition of 81% equity interest of the target company, and pay the corresponding amount;</li> <li>2. The option consideration of the co-managed account has been paid. It is estimated that the change of the remaining 19% equity will be completed by the end of 2024;</li> <li>3. CLPT has completed the necessary post-investment integration project according to PMI.</li> </ol>	The closing, integration, payment of the 81% equity amount and lock-up of the remaining 19% equity options have been completed.	No	No	No	No
CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd. (中集世聯達領鮮物流科技(山東)有限公司) (formerly known as Qingdao Hechuan International Freight Agency Co., Ltd. (青島和川國際貨運代理有限公司))	It is planned to integrate the target company with CIMC Xiaofeiuyu, an existing cold chain enterprise under the logistics sector, to jointly create a dual-cycle mode of import and export cold chain. All assets and personnel have been transferred to the joint venture company by injecting the original business and using the brand name of CIMC Wetrans through establishment of a new joint venture company.	The integration has been completed, and it has been developed with CIMC Wetrans Lingxian Logistics Technology Co., Ltd. and its affiliated entities. Its original team and business have been operated through the establishment of CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd. (中集世聯達領鮮物流科技(山東)有限公司).	No	No	No	No
CIMC Longtaidi (Shandong) Engineering Technology Co., Ltd. (中集隆泰迪(山東)工程科技有限公司) (formerly known as Yantai Baosteel Wheel Co., Ltd. (煙台寶鋼車輪有限公司))	Expand the pipeline processing direction and expand the steel processing business through the merger and acquisition of the target company, complete the equity change, and help the target company build a management system by appointing directors and treasurer, which will be included in the management scope of CIMC, including business, personnel and finance.	It has been basically completed.	No	No	No	No

## CHAPTER V CORPORATE GOVERNANCE

Company Name	Integration Plan	Progress in Integration	Problems Encountered In integration	Solution Measures Taken	Progress in Solution	Subsequent Solution Plan
CIMC Tongchuang (Zhejiang) Steel Chain Co., Ltd. (中集同創(浙江)鋼鏈有限公司) (formerly known as Zhejiang Jingrui Steel Processing Co., Ltd. (浙江精睿鋼材加工有限公司))	It is planned to expand the steel trade and processing business through the merger and acquisition of the target company, complete the equity change, and help the target company build a management system by appointing directors and treasurer, which will be included in the management scope of CIMC, including business, personnel and finance.	It has been basically completed.	No	No	No	No
Shenzhen Xinghuo Chelian Technology Co., Ltd. (深圳市星火車聯科技有限公司), Shenzhen Zhong'an Jizhi Technology Limited Partnership (Limited Partnership) (深圳市中安集智科技有限合夥(有限合夥)) and Shenzhen Xinghuo Jizhi Technology Partnership (Limited Partnership) (深圳市星火車集智科技合夥企業(有限合夥))	<ol style="list-style-type: none"> <li>1. Include the finance in the financial sharing center of CIMC Vehicles (Group) Co., Ltd. for centralized management;</li> <li>2. Add and expand the strategic collaborative business.</li> </ol>	<ol style="list-style-type: none"> <li>1. It has been included in the financial sharing center for centralized management;</li> <li>2. New businesses such as 360 surround view have been expanded on the basis of the original intelligent trailer terminal and service.</li> </ol>	No	No	No	No
Shanghai Changyi Automobile Sales Co., Ltd. (上海常毅汽車銷售有限公司)	<ol style="list-style-type: none"> <li>1. Share the management team with Shanghai CIMC Special Vehicle Co., Ltd (上海中集專用車有限公司);</li> <li>2. Collect and realize the asset packages (accounts receivable, other receivables, prepayments and inventories).</li> </ol>	<ol style="list-style-type: none"> <li>1. The daily management has been conducted by the team of Shanghai CIMC Special Vehicle Co., Ltd (上海中集專用車有限公司);</li> <li>2. The collection and realization of asset packages have been completed.</li> </ol>	No	No	No	No

## CHAPTER V CORPORATE GOVERNANCE

Company Name	Integration Plan	Progress in Integration	Problems Encountered In integration	Solution Measures Taken	Progress in Solution	Subsequent Solution Plan
Jifeng New Energy Science and Technology (Chengdu) Co., Ltd. (集風新能源科技(成都)有限公司)	It is planned to acquire qualifications through mergers and acquisitions, and no actual business has been conducted.	It has been basically completed.	No	No	No	No
CIMC Central Power (Yangzhou) Hydrogen Production Equipment Co., Ltd. (中集中電(揚州)製氫設備有限公司)	Expand the business direction of hydrogen production equipment through merger and acquisition of the target company, complete the equity change, and help the target company build a management system by appointing directors and the management, which will be included in the management scope of CIMC, including business, personnel and finance.	It has been basically completed.	No	No	No	No

### XIII. ASSESSMENT REPORT ON INTERNAL CONTROL OR AUDIT REPORT ON INTERNAL CONTROL

#### 1. Assessment report on internal control

Disclosure date of full text of internal control assessment report	27 March 2024
Disclosure index of full text of internal control assessment report	www.cninfo.com.cn
Proportion of total assets of the units incorporated in the assessment scope in the Company's total assets in the consolidated financial statements	92%
Proportion of revenue of the units incorporated in the assessment scope in the Company's revenue in the consolidated financial statements	92%

## CHAPTER V CORPORATE GOVERNANCE

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Qualitative benchmark	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>Discovery of acts of irregularity by Directors, Supervisors or the management that caused significant impacts on financial reporting;</li> <li>Amendment to published financial statements to reflect correction to significant reporting errors due to mistakes or irregularities;</li> <li>The presence of significant reporting errors affecting the current financial statements remaining undetected by the assessed entity's internal controls systems, but was discovered by auditors;</li> <li>Significant deficiency that has been reported to the management and the Board but remains uncorrected after a reasonable period of time; alternatively, although the assessed entity has adjusted its significantly deficient internal controls prior to the baseline date, however, the new controls have not been in operation for a sufficiently long period;</li> <li>Ineffective monitoring on internal controls by the Audit Committee and the internal auditing unit.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>The assessed entity's business activities are in serious violation of the laws and regulations of the State;</li> <li>Non-compliance in major decision making, substantive matters, appointment and dismissal of key personnel, as well as the decision processes for large sum of payments.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>Important deficiencies remain unrectified after being reported to the management and after lapse of a reasonable period;</li> <li>Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but this has not affected the assessed entity's product market position.</li> </ol> <p>General deficiency:</p> <p>Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but the effect is minimal.</p>

**CHAPTER V  
CORPORATE GOVERNANCE**

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
	<p>Important deficiency:</p> <p>Deficiency in internal controls in the following areas, which after general analysis still cannot ensure the authenticity, accuracy and reliability of the financial statements should be determined to be important deficiency:</p> <ul style="list-style-type: none"> <li>• Internal controls on the choice and application of accounting policies according to generally accepted accounting standards;</li> <li>• Anti-fraud procedures and controls;</li> <li>• Internal controls on unconventional or non-systematic transactions;</li> <li>• Internal controls on end-period financial reporting processes;</li> <li>• Internal controls on information systems relating to financial reporting;</li> <li>• Failure in compliance with supervisory functions that can have a major impact on the reliability of financial reporting;</li> <li>• Penalty sanctions by the state authorities which have not impacted negatively on the assessed entity's regular reporting disclosure;</li> <li>• For companies that are required to put in place internal auditing or risk assessment functions for effective monitoring, the failure of such functions.</li> </ul> <p>General deficiency:</p> <p>Penalty sanctions by provincial (inclusive) or lower level government authorities, which have not impacted negatively on the Company's regular reporting disclosure.</p>	



## CHAPTER V CORPORATE GOVERNANCE

Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Quantitative benchmark	(The erroneously reported amounts X in financial statement falls between the following range)	Significant deficiency:
	Significant deficiency:	1. Failure to maintain and/or update documentation contents for the internal controls systems for 3 years and more in succession, and failure to retain a full set of working papers for internal controls sampling checks;
	1. $X \geq 0.5\%$ of total sales revenues;	2. Continuous interruption of normal services for a period of over 48 hours in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.
	2. $X \geq 5\%$ of total profits;	
	3. $X \geq 1\%$ of total assets;	
	4. $X \geq 1\%$ of total stakeholders' interests.	
	Important deficiency:	Important deficiency:
	1. $0.1\%$ of total sales revenues $\leq X < 0.5\%$ of total sales revenues;	1. Failure to maintain and/or update documentation contents for the internal controls systems for 2 years in succession, and failure to retain a full set of working papers for internal controls sampling checks;
	2. $1\%$ of total profits $\leq X < 5\%$ of total profits;	2. Continuous interruption of normal service for a period of over 24 hours but less than 48 hours, in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.
	3. $0.2\%$ of total assets $\leq X < 1\%$ of total assets;	
4. $0.2\%$ of total stakeholders' interests $\leq X < 1\%$ of total stakeholders' interests.		
General deficiency:	General deficiency:	
1. $X < 0.1\%$ of total sales revenues;	1. Failure to perform annual maintenance and update of internal controls system documentation, and failure to retain a full set of working papers for internal controls sampling checks;	
2. $X < 1\%$ of total profits;	2. Instabilities with occasional service interruption of such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on; but normal operation can be recovered within a period of 24 hours.	
3. $X < 0.2\%$ of total assets;		
4. $X < 0.2\%$ of total stakeholders' interests.		

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CORPORATE GOVERNANCE**

Category	Deficiency identification criteria		
	Financial reporting	Non-financial reporting	
Number of significant deficiency of financial reporting			0
Number of significant deficiency of non-financial reporting			0
Number of important deficiency of financial reporting			0
Number of important deficiency of non-financial reporting			0

2. Internal control audit report

Applicable Not Applicable

**The paragraphs of review opinions in the internal control audit report**

In our opinion, CIMC has maintained effective internal controls in respect of financial reporting in all material aspects in accordance with the Basic Norms for Enterprise Internal Controls and relevant requirements on 31 December 2023.

Disclosure of internal control audit report

Disclosed

Disclosure date of full text of internal control audit report

27 March 2024

Disclosure index of full text of internal control audit report

<http://www.cninfo.com.cn>

Category of opinions in internal control audit report

Unqualified opinions

Whether there are material deficiencies in non-financial reporting

No

**Whether the accountants firm issues internal control audit report of non-standard views**

Yes No

**Whether the internal control audit report issued by accountant firm is consistent with the self-assessment report of the Board**

Yes No

**XIV. RECTIFICATION OF FINDINGS IN SELF-INSPECTION OF SPECIAL INITIATIVES FOR CORPORATE GOVERNANCE OF LISTED ISSUERS**

The corporate governance as a whole meets the requirements and there are no significant issues that need to be rectified.

## CHAPTER V CORPORATE GOVERNANCE

### **PART II: CORPORATE GOVERNANCE REPORT (PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE HONG KONG LISTING RULES)**

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 II of Appendix C1 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of code provisions C.5.1 and C.2.1. The details of deviation from the code provisions of Corporate Governance Code and its considerations are disclosed in relevant paragraphs below.

#### **I. 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 and Supervisors as set out in Appendix C3 of the Hong Kong Listing Rules. Having made 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.

#### **II. THE BOARD**

##### **(I) Authorities of the Board**

The Board of the Company is elected by the general meeting of the Company through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the senior management, ensure that the Company's interests are protected and are accountable to the Shareholders.

## CHAPTER V CORPORATE GOVERNANCE

In accordance with the Articles of Association and the Rules of Procedures for the Board of Directors, the authorities of the Board include: (1) to convene general meetings and report to the meetings; (2) to implement the resolutions passed at general meetings; (3) to determine the Company's business plans and investment schemes; (4) to prepare the Company's annual financial budget and final accounts; (5) to formulate the Company's profit distribution plan and loss recovery plan; (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of corporate bonds or other securities; (7) to draft plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form; (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, external guarantee, entrusted wealth management, connected transactions and external donation within the authorisation of the general meeting; (9) to determine the establishment of the Company's internal management structure; (10) to determine appointment or dismissal of the Company's the secretary of the Board, and to decide on their remuneration, rewards and penalties; and pursuant to the chairman nominations, to appoint or dismiss senior officers including presidents, vice presidents, chief financial officer, chief compliance officer and general counsel of the Company and to decide on their remuneration, rewards and penalties; (11) to formulate the Company's basic management system; (12) to formulate the proposed amendments to the Articles of Association; (13) to deal with information disclosures of the Company; (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company; (15) to receive work report submitted by the Company's chairman and presidents and to review his performance; (16) to evaluate and determine the nature and extent of risks the Company is willing to take in achieving its strategic objectives, and to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems; (17) to supervise the management on the design, implementation and monitoring of the risk management and internal control systems; and (18) to exercise other duties and powers specified in the laws, administrative regulations, rules of regulatory authorities or the Articles of Association.

During the Reporting Period, the Directors and the Board of the Company carried out corporate governance duties in respect of the Company in a serious and responsible manner. The Directors were elected by strictly following the procedures for election and appointment of Directors provided for in the Articles of Association. All Directors attended Board meetings in a serious and responsible manner, performed their duties as Directors seriously and diligently, made important decisions concerning the Company, appointed and removed and supervised the members of the operation units of the Company.

## CHAPTER V CORPORATE GOVERNANCE

### (II) Composition of the Board

During the Reporting Period, according to the Articles of Association, the tenth session of the Board has set nine seats, and the existing Directors thereof are nine. The Board 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.

Among the existing Directors, all of the nine Directors have vast and extensive experience in business and management. In particular, the three independent non-executive Directors also own profound academic and professional qualifications and rich industry experience in finance, legal and management. Especially, independent non-executive Director Ms. LUI FUNG Mei Yee, Mabel has appropriate legal affairs expertise, independent non-executive Director Mr. ZHANG Guanghua has appropriate management expertise, and Mr. YANG Xiong, an independent non-executive Director, has appropriate accounting and financial management expertise. The professional qualifications and abundant experience of current Directors help the Board rigorously review and monitor management procedures to ensure the interests of all Shareholders, including minority Shareholders. Profiles of Directors of the Company are set out in “(1) Directors” of “1. Brief Biography of the Directors, Supervisors and Senior Management” under “V. Directors, Supervisors and Senior Management” in this chapter. The personnel qualification and composition of the Board of the Company comply with Rule 3.10 and Rule 3.10A of the Hong Kong Listing Rules.

There are three independent non-executive Directors in the Board of the Company, reaching one third of the total number of Directors of the Board, which satisfied the requirements regarding the number of independent non-executive directors under the Hong Kong Listing Rules. The three independent non-executive Directors perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations, and do not hold other positions in the Company. The Company has received annual confirmation of independence for 2023 from each of the three independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the three independent non-executive Directors are completely independent of the Company, its substantial Shareholders and its connected persons and comply with the requirements under the Hong Kong Listing Rules.

There is no financial, business, family or other significant/related relationships among the Board members.

## CHAPTER V CORPORATE GOVERNANCE

### (III) Board meeting

#### 1. Attendance

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2023, the Board convened 26 meetings, including 3 on-site meetings and 23 meetings voting by communication ways (including video phone, phone conference, fax, etc.). The attendance of all Directors to the meetings is as follows:

Name	Position	Number of board meetings to attend	Board meeting		Number of attendance by proxy	Rate of attendance in person (%)
			Number of attendance in person	Correspondence voting		
MAI Boliang	Chairman, executive Director	26	3	23	-	100
ZHU Zhiqiang	Vice chairman, non-executive Director	26	3	23	-	100
HU Xianfu	Vice chairman, non-executive Director	26	3	23	-	100
SUN Huirong	Non-executive Director	26	3	23	-	100
DENG Weidong	Non-executive Director	26	1	23	2	92.31
ZHAO Feng (Note)	Non-executive Director	11	1	10	-	100
LUI FUNG Mei Yee, Mabel,	Independent non-executive Director	26	3	23	-	100
ZHANG Guanghua	Independent non-executive Director	26	3	23	-	100
YANG Xiong	Independent non-executive Director	26	3	23	-	100

Note: On 26 September 2023, Ms. ZHAO Feng was elected as a non-executive Director of the tenth session of the Board.

During the year, no director of the Company was absent from the Board meetings or failed to attend Board meetings in person for two consecutive times.

## CHAPTER V CORPORATE GOVERNANCE

### 2. The convening of the board meetings and the resolutions considered

The Board convened 26 Board meetings during the Reporting Period.

Board Meetings	Date of Board Meetings	Resolutions of Board Meetings
The first meeting in 2023	16 February 2023	Resolution on the approval of acquisition of 100% equity interest in Shenzhen CIMC Special Vehicle Co., Ltd.
The second meeting in 2023	24 February 2023	<ol style="list-style-type: none"> <li>1. Resolution regarding the Continuing Connected Transactions/Ordinary Related-party Transactions with the Relevant Subsidiaries of Shenzhen Capital Operation Group Co., Ltd.;</li> <li>2. Resolution on the Approval of the Proposal for the Convening of the First Extraordinary General Meeting in 2023</li> </ol>
The third meeting in 2023	16 March 2023	Resolution on Amendments to the Information Disclosure Management System of China International Marine Containers (Group) Co., Ltd. and the Resolution on Amendments to the Registration and Management System for Insiders of China International Marine Containers (Group) Co., Ltd.
The fourth meeting in 2023	28 March 2023	<ol style="list-style-type: none"> <li>1. To consider and approve the 2022 Annual Report of CIMC, the 2022 Annual Report Summary of CIMC and the 2022 Annual Results Announcement of CIMC and other resolutions;</li> <li>2. Resolution on the 2023 Financing Arrangements of CIMC</li> </ol>
The fifth meeting in 2023	4 April 2023	Resolution on the Approval of the Proposal for the Convening of the First Extraordinary General Meeting in 2023
The sixth meeting in 2023	26 April 2023	No Resolution
The seventh meeting in 2023	27 April 2023	Resolution of the Tenth Session of the Board of Directors on the First Quarterly Report for 2023
The eighth meeting in 2023	11 May 2023	Resolution on the Approval of "Qianhai Modern Logistics and New Energy Industry Headquarters Project of China International Marine Containers (Group) Co., Ltd."

## CHAPTER V CORPORATE GOVERNANCE

<b>Board Meetings</b>	<b>Date of Board Meetings</b>	<b>Resolutions of Board Meetings</b>
The ninth meeting in 2023	24 May 2023	To consider and approve the Resolution Regarding the Appointment of Accounting Firm for 2023, the Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Repurchase of Shares, the Resolution Regarding the Request by the Board for General Mandate by the General Meeting on the Issuance of Shares and the Resolution Regarding the Partial Adjustment to the Guarantee Plan of CIMC for 2023
The tenth meeting in 2023	1 June 2023	Resolutions Regarding the Approval of the Proposal to Convene the Annual General Meeting for 2022, the First A Shareholders' Class Meeting for 2023 and the First H Shareholders' Class Meeting for 2023
The eleventh meeting in 2023	8 June 2023	Resolution on Approval of Striving for the Fifth China Quality Award by CIMC
The twelfth meeting in 2023	26 June 2023	Resolution regarding the Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. (深圳市招商局海工投資有限公司)
The thirteenth meeting in 2023	29 August 2023	<ol style="list-style-type: none"> <li>To consider and approve the 2023 Interim Report, the 2023 Interim Report Summary and the 2023 Interim Result Announcement of the Company;</li> <li>Resolution on Management of Matters Authorized by the Board;</li> <li>Resolution on the Compliance Management System;</li> <li>Resolution on Update to the Provision of Related Guarantee for CIMC Financial Leasing Co., Ltd. and its Subsidiaries by CIMC in 2023</li> </ol>
The fourteenth meeting in 2023	5 September 2023	Resolution on the Approval of the Proposal for the Convening of the Third Extraordinary General Meeting in 2023
The fifteenth meeting in 2023	25 September 2023	Resolution on Election of the Director to Chair the Third Extraordinary General Meeting for 2023
The sixteenth meeting in 2023	12 October 2023	Resolution on Approval of the Compliance Code of Conduct of CIMC



## CHAPTER V CORPORATE GOVERNANCE

Board Meetings	Date of Board Meetings	Resolutions of Board Meetings
The seventeenth meeting in 2023	16 October 2023	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Agreement to the Establishment of the First Tranche Fund of the "Shenzhen New-type Energy Storage Industry Equity Fund (深圳市新型儲能產業股權基金)";</li> <li>2. Resolution on the Approval of Capital Increase of CIMC Capital Holdings Co. Ltd. (中集資本控股有限公司)</li> </ol>
The eighteenth meeting in 2023	30 October 2023	Resolution of the Tenth Session of the Board of Directors on the Third Quarterly Report for 2023
The nineteenth meeting in 2023	16 November 2023	Resolution on the Repurchase Plan of a Portion of A Shares
The twentieth meeting in 2023	13 November 2023	<ol style="list-style-type: none"> <li>1. Resolution on the 2022 Performance Appraisal of Personnel Appointed by the Board (CEO Mr. MAI Boliang);</li> <li>2. Resolution on the 2022 Performance Appraisal of Personnel Appointed by the Board (excluding CEO Mr. MAI Boliang);</li> </ol>
The twenty-first meeting in 2023	12 December 2023	Resolution on the 2023–2027 Strategic Plan of CIMC
The twenty-second meeting in 2023	14 December 2023	Resolution on Matters Relating to the Adjustment to the Listing Plan of a Controlling Subsidiary CIMC Wetrans Logistics Technology (Group) Co., Ltd. (中集世聯達物流科技(集團)股份有限公司)
The twenty-third meeting in 2023	16 January 2024	<ol style="list-style-type: none"> <li>1. Resolution on changing the name of "Group Office" to "Group Office (Party Committee Office)";</li> <li>2. Resolution on the List of Material ESG Issues and Statement of the Board of Directors on Key Issues for 2023</li> </ol>
The twenty-fourth meeting in 2023	27 December 2023	Resolution Regarding Matters Relating to the Listing Plan of a Controlling Subsidiary CIMC Liquid Process Technologies Co., Ltd.
The twenty-fifth meeting in 2023	28 December 2023	Resolution regarding the Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) and Its Subsidiaries
The twenty-sixth meeting in 2023	28 December 2023	<ol style="list-style-type: none"> <li>1. Resolution on the 2022 Proposal for Bonus Payment of Personnel Appointed by the Board (CEO Mr. MAI Boliang);</li> <li>2. Resolution on the 2022 Proposal for Bonus Payment of Personnel Appointed by the Board (excluding CEO Mr. MAI Boliang)</li> </ol>

## CHAPTER V CORPORATE GOVERNANCE

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 of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group’s major business or management 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.

### (IV) Responsibilities and permissions of the board and the management

Responsibilities and permissions of the Board and the management are clearly defined. For details of responsibilities of the Board, please refer to the Articles of Association and the Rules of Procedures for the Board, and for the brief overview, please refer to “(I) Authorities of the Board” of “II. The Board” in this chapter of this Report. The management is responsible for the daily operation and management and accountable to the Board by timely providing adequate information to it and its special committees to ensure their informed decision-making.

### (V) Chairman and CEO

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. For details of main duties and powers of the chairman of the Company, please refer to the Article 166 of the Articles of Association published by the Company on 26 September 2023.

According to the terms of the pre-amended Articles of Association, the Chairmen and the CEO of the Company are different positions with clearly delineated duties and responsibilities, and their respective 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 amendments 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.

## CHAPTER V CORPORATE GOVERNANCE

### (VI) Term of office and service contracts of Directors and Supervisors

Pursuant to the Articles of Association, the Directors of the Company shall be elected at the general meeting and serve a term of office for three years. Upon the expiry of their term of office, the Directors may be re-elected for another session, provided that independent non-executive Directors shall not serve the position for more than six years. Directors' service contracts and Supervisors' service contracts shall be signed between the Company and relevant Directors and Supervisors upon the election of Directors and the Supervisors representing shareholders considered and approved at the general meeting and Supervisors' service contracts shall be signed between the Company and relevant Supervisors upon the election of Supervisors representing staff considered and approved at general staff meeting.

The respective Directors and Supervisors have entered into service contracts with the Company. For details of the terms of office of the existing Directors and Supervisors, please refer to the section headed "1. Brief Biography of the Directors, Supervisors and Senior Management of the Company" under the section headed "V. Briefings about the Directors, Supervisors and Senior Management" under this chapter.

Save as disclosed above, none of the Directors or Supervisors has entered into or intend to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### (VII) Directors' remuneration

Pursuant to the Articles of Association, executive Directors are also the senior management of the Company. Among the nine existing Directors of the tenth session of the Board of the Company, the executive Director Mr. Mai Boliang was paid by the Company due to his position as the senior management. As considered and approved by the general meeting, each of the independent non-executive Directors was entitled to an allowance of RMB240,000 per annum. Other than that, the Company did not provide other remuneration to the independent non-executive Directors and other non-executive Directors during the Reporting Period. Details of remuneration paid to the Directors by the Company during this year are listed in "6. Remuneration of Directors, Supervisors and Senior Management" of "V. Information on Directors, Supervisors and Senior Management" under "Chapter V Corporate Governance" herein. In the review and determination of specific remuneration packages for the Directors, the Company's Remuneration and Appraisal Committee may consider factors such as salaries paid by comparable companies, time of commitment and responsibilities of the Directors. For details of the specific appraisal procedures and remuneration determination scheme for the Directors, please refer to "(III) Remuneration and Appraisal Committee" of "VII. Duty Performance of Special Committees of the Board during the Reporting Period" under "Part I: Corporate Governance (Prepared in accordance with PRC Securities Regulatory Requirements)" in this chapter of this Report.

During the Reporting Period, the Company didn't make any payments nor provide any benefit in respect of the termination of the service of Directors (whether rendered in the capacity of Directors or in any other capacity during term of office as Directors).

## CHAPTER V CORPORATE GOVERNANCE

### (VIII) Interests of directors

#### 1. Interests of Directors and Supervisors in contracts

During the Reporting Period, none of the Directors or Supervisors of the Company had any material personal interests, either directly or indirectly, in any transaction, arrangement or contract of significance where the Company or any of its subsidiaries was a party.

#### 2. Competing interests of Directors and Supervisors

Mr. HU Xianfu, a non-executive Director of the Company, serves as the director, the general manager of China Merchants Industry Holdings Company Limited. Mr. DENG Weidong, a non-executive Director of the Company, served as the chief strategy officer and the director of the strategic development department/technology innovation department of China Merchants Group. Mr. LIN Changsen, a Supervisor of the Company, served as the director of Soares Limited and the deputy financial director of China Merchants Industry Holdings Company Limited. Soares Limited, China Merchants Industry Holdings Company Limited and its controlling shareholder China Merchants Group are the second largest Shareholder of the Company. The offshore engineering business of China Merchants Group competes with that of the Group.

Save as disclosed above, none of other Directors or Supervisors or entities connected with such Directors/Supervisors hold or held any interests in a business that competes or may compete directly or indirectly with the business of the Group.

### (IX) Measures to ensure Director's fulfilment of responsibilities

1. Upon assumption of duty by the Directors, the Company shall provide relevant instruction materials. Information about the Company's business and operation shall be provided on a regular basis as well. The dynamic information on relevant new laws and regulations and internal publications shall be given from time to time. Relevant continuous professional training shall be organised at the Company's cost to help Directors fully understand their responsibilities prescribed in the Hong Kong Listing Rules and other relevant laws and regulations, and comprehensively understand the operation of the Company in a timely manner. In order to ensure the fulfilment of responsibilities by independent non-executive Directors, the Company will also arrange independent non-executive Directors to conduct field visits and to develop ample communication with the senior management (including the chief financial officer and general manager of the auditing monitoring department) and the auditors of the Company.

## CHAPTER V CORPORATE GOVERNANCE

2. The directors of the Company made sure of continuous professional development and update of their knowledge and skills by reading materials and attending online training, in an effort to better perform their duties. In 2023, all our Directors, i.e. MAI Boliang (Chairman) as an executive Director; ZHU Zhiqiang (Vice-chairman), HU Xianfu (Vice-chairman), SUN Huirong, DENG Weidong and ZHAO Feng as non- executive Directors; LUI FUNG Mei Yee, Mabel, ZHANG Guanghua, and YANG Xiong as independent non-executive Directors, participated through internet or by written means in the training for directors and supervisors of listed companies organized by Shenzhen Public Companies Association, China Association for Public Companies and Shenzhen Securities Regulatory Bureau. Our Directors also studied the accounting and auditing standards and requirements, the Hong Kong Listing Rules and the Hong Kong Taxation Ordinance, etc. by reading the “PwC Insights – Development of Standards and Requirements”.
3. The Company shall engage auditors, independent financial advisers (if any), lawyers and other relevant independent professionals for independent professional advice as required when considering and commenting on matters such as external guarantees, capital occupation and connected transactions of the Company by the Directors, in order to assist the Directors in fulfilling their responsibilities.
4. The Company has established a mechanism whereby each director and supervisor is entitled to seek independent professional advice, at the Company’s expense, on any matter relating to the performance of his or her duties, so as to ensure that the Board of Directors and the Supervisory Committee can obtain independent views and opinions.
5. The Company has taken out liability insurance for its directors, supervisors and senior management to protect them from possible legal risks in the performance of their duties.

### (X) Corporate governance functions

The Board has responsibilities of corporate governance, which are to urge the management to establish compliant organisational structure and systems, and to abide by the Corporate Governance Code and other laws and regulations in its daily management. According to the Corporate Governance Code, during the Reporting Period, the Board audited the compliance of the Company’s corporate governance policies and provisions, and was responsible for and performed the following corporate governance functions:

1. To formulate and review the Company’s corporate governance policies and practices, and make recommendations to the Board; 2. To review and monitor the training and continuous professional development of the Directors and senior management; 3. To review and monitor the policies and practices in terms of the Company’s compliance with laws and regulations; 4. To formulate, review and monitor the code of conduct for employees and Directors; and 5. To review the Company’s compliance with the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report.

## CHAPTER V CORPORATE GOVERNANCE

### III. SPECIAL COMMITTEES OF THE BOARD

Under the Board, there are Remuneration and Appraisal Committee, Nomination Committee, Audit Committee, Strategy Committee and Risk Management Committee. Their main responsibility is to support the decision-making of the Board. Directors who participate in the special committees focus on the research of certain issues based on the division of work and provide suggestions that would help improve and enhance the management of the Company. For particulars about the special committees of the Board during the Reporting Period, please refer to “VII. Duty Performance of Special Committees of the Board during the Reporting Period” of “Part I: Corporate Governance (Prepared in accordance with PRC Securities Regulatory Requirements)” under this chapter.

### IV. SHAREHOLDERS AND GENERAL MEETINGS

#### 1. Shareholders’ right

##### **(1) Procedures for proposing to convene an extraordinary general meeting and for submitting proposals thereat**

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company is (are) entitled to request the Board in writing to convene an extraordinary general meeting or a class general meeting. Two or more Shareholders holding a total of 10% or more of the shares carrying voting right of the Company may sign one or more written requests of identical form and substance requesting the Board to convene a class general meeting or an extraordinary general meeting and stating the subject of the meeting. If the Board disagrees with the proposal of convening an extraordinary general meeting requested by such Shareholders, or fails to respond within ten days upon receipt of such request, the Shareholders individually or jointly holding a total of 10% or more of the shares of the Company is (are) entitled to make written request to the Supervisory Committee for convening such extraordinary general meeting. If the Supervisory Committee agrees to convene such meeting, a notice of such meeting shall be issued within five days upon receipt of the proposal. Changes made to the original request shall be approved by the relevant Shareholders. If the Supervisory Committee fails to dispatch a notice of the general meeting within a prescribed period of time, it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting. In that case, the Shareholder(s) individually or jointly holding 10% or more of the shares of the Company for a continuous period of 90 days may convene and preside over a general meeting by himself/themselves, provided that prior to the announcement of the resolutions of the general meeting the shares held by such convening Shareholder(s) shall not be less than 10% of the shares of the Company. The reasonable expenses incurred by such Shareholder(s) for convening a general meeting or a class general meeting shall be borne by the Company and shall be deducted from the remuneration payable by the Company to the negligent Director(s).

## CHAPTER V CORPORATE GOVERNANCE

### (2) **Submit proposals to general meetings**

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding more than 3% of the Company's shares is (are) entitled to submit extraordinary resolutions in writing to the Board 10 days prior to a general meeting to be convened by the Company.

### (3) **Convene an extraordinary board meeting**

In case of proposing to convene an extraordinary board meeting by the Shareholder(s) representing more than ten percent of the voting right, the Board shall convene and chair such extraordinary board meeting within 10 days upon receipt of such proposal.

### (4) **Make inquiry with the Board**

Shareholders of the Company shall have the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: if a Shareholder requests access to the relevant information or request such information as referred to in the preceding Article, he or she shall provide the Company with written documents proving the class of shares he or she holds in the Company and the number of such shares, and the Company shall provide the same to the Shareholder upon request after verifying his or her identity.

### (5) **Safeguard the exercise of shareholders' rights**

In order to ensure that all Shareholders of the Company are treated equally and are able to effectively exercise their rights as shareholders, the Company convenes annual general meeting in accordance with the provisions of the Articles of Association. For details of the convening of general meetings of the Company during the Reporting Period, please refer to "IV. Relevant Situations of Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period" under "Part I: Corporate Governance (Prepared In Accordance With PRC Securities Regulatory Requirements)" in this chapter.

The dates, content, delivery methods, announcement methods and the Shareholders' voting procedures of the Company's circulars and notices of general meetings strictly comply with the relevant provisions of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules to ensure the exercise of the Shareholders' rights to attend the general meetings. Pursuant to the Articles of Association, the Shareholder(s) is (are) entitled to supervise the operation of the Company, raise recommendations or enquiries to the Company.

The Company has always maintained good communication with its shareholders and for the shareholder communication policy, please refer to "IX. Investor Relationship" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter.

## CHAPTER V CORPORATE GOVERNANCE

### 2. Attendance of each Director at general meetings

Position	Name	General meeting attendance expected/ General meeting attendance in person
Chairman and executive Director	MAI Boliang	6/3
Vice chairman and non-executive Director	ZHU Zhiqiang	6/3
Vice chairman and non-executive Director	HU Xianfu	6/0
Non-executive Director	SUN Huirong	6/6
Non-executive Director	DENG Weidong	6/0
Non-executive Director	ZHAO Feng	0/0
Independent non-executive Director	LUI FUNG Mei Yee, Mabel	6/3
Independent non-executive Director	ZHANG Guanghua	6/6
Independent non-executive Director	YANG Xiong	6/3

Note: During the Reporting Period, certain Directors did not attend the general meeting in person due to work related reasons.

### 3. Execution of resolutions of general meetings by the Board

All members of the Board of the Company were able to perform their duties as directors conscientiously and diligently in compliance with the relevant laws and regulations of the place where the Company is listed and the Articles of Association, and conscientiously implemented resolutions of general meetings and completed the various assignment authorized by general meetings.

## V. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is accountable to the general meetings. All of the Supervisors have discharged their duties seriously in accordance with the provisions of the Articles of Association, attended all Board meetings and reported their work to the general meeting. In line with the spirit of accountability to all Shareholders, the Supervisory Committee monitored the financial affairs and internal control of the Company and the performance of duties and responsibilities by the Directors, presidents and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations. For details of the work of the Supervisory Committee during the Reporting Period, please refer to the "Working Report of the Supervisory Committee for 2023" disclosed by the Company on 27 March 2024.



## CHAPTER V CORPORATE GOVERNANCE

### VI. ACCOUNTABILITY, AUDIT AND CONTINUING OPERATIONS OF THE BOARD

Directors confirm that they have the responsibility to prepare the financial statements for each financial year to truly and fairly report the Group's performance and accounts regarding its results and cash flows within relevant period. The Directors audited the financial statements for the year ended 31 December 2023 prepared by the Company with the support from the finance department of the Company, and ensured that the relevant accounting practices and policies are observed and CASBE are complied with in the compilation of the financial statements in order to report the financial position of the Company in a true and fair manner. After due enquiry, the Board considers that the Group has adequate resources to continue operations for the foreseeable future, so it is suitable to adopt an on-going concern basis for the preparation of the financial statements. The Directors were not aware or discover any major uncertain events or situations that may have a material impact on the sustainable operation capability of the Company.

For details of the Auditors' reporting responsibilities and their opinion statements for the financial statements of the Company for the year ended 31 December 2023, please refer to the "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" of this Report.

### VII. REMUNERATION OF THE AUDITORS

For information relating to the remuneration received by the auditors for their services to the Company during the Reporting Period, please refer to "VIII. Engagement and Disengagement of Firms of Accountants" of "Chapter VII Significant Events" in this Report.

## CHAPTER V CORPORATE GOVERNANCE

### VIII. COMPANY SECRETARY/JOINT COMPANY SECRETARY

Mr. WU Sanqiang is the secretary to the Board/joint company secretary of the Company and his primary duties are as follows: (1) to address and coordinate information disclosure of the Company, organize and formulate information disclosure management system of the Company, and urge the Company and relevant information disclosure obligors to observe relevant provisions concerning information disclosure; (2) to be responsible for organizing and coordinating the investor relations management of the Company, and coordinating the communication of information between the Company and securities regulatory authorities, shareholders and actual controllers, intermediaries and the media; (3) to organize and prepare Board meetings and shareholders' general meetings, attend shareholders' meetings, Board meetings, Supervisory Committee meetings and relevant meetings of the senior management personnel, and maintain and sign the minutes of Board meetings; (4) to be responsible for the confidentiality of information disclosure of the Company and promptly report to the Shenzhen Stock Exchange and make an announcement when significant undisclosed information is disclosed; (5) to pay attention to the rumours about the Company and take the initiative to verify the authenticity of such rumours, and urge the Board of Directors and other relevant entities to timely respond to the enquiries of the Shenzhen Stock Exchange; (6) to organize trainings for Directors, supervisors and senior management personnel as required by relevant laws, regulations and relevant regulations of the Shenzhen Stock Exchange, and assist them in understanding their respective responsibilities in information disclosure; (7) to urge the Directors, supervisors and senior management personnel to observe the laws and regulations, regulations of the Shenzhen Stock Exchange and the Articles of Association, and earnestly fulfil their commitments; when becoming aware that the Company, Directors, supervisors and senior management personnel make or may possibly make a decision in violation of the relevant provisions, he/she shall remind the related personnel and immediately report it to the Shenzhen Stock Exchange; (8) to be responsible for the management of changes in the Company's shares and derivatives, etc.; (9) to discharge such other duties as provided by the relevant laws, administrative regulations and other regulatory documents and the stock exchange. The resume of Mr. WU is set out in "(3) Senior Management" under "V. Resume of the Directors, Supervisors and Senior Management of the Company" in this chapter. Ms. HE Linying acted as a joint company secretary of the Company. In 2023, Mr. WU and Ms. HE all received trainings of more than 15 hours to advance their professional skills and knowledge.

During the Reporting Period, Mr. WU Sanqiang and Ms. HE Linying were the joint company secretaries of the Company. According to the approval of the Hong Kong Stock Exchange dated 9 April 2024, Mr. WU Sanqiang is capable of serving as the independent company secretary of the Company subsequently. Meanwhile, Ms. HE Linying ceased to be a joint company secretary of the Company and was appointed as the assistant company secretary of the Company with effect from 10 April 2024. For details, please refer to the announcement of the Company dated 10 April 2024.

## CHAPTER V CORPORATE GOVERNANCE

### IX. INVESTOR RELATIONS

The Company placed great emphasis on investors, especially the protection of interest of minority investors. It adopted effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with Shareholders and investors. Meanwhile, effective channels were provided by the Company to collect comments to ensure exercise of legal rights by investors.

- (1) Amendments to the Company's Articles of Association and related documents: In 2023, the Company amended its Articles of Association, the relevant information of which was available in the Company's announcements dated 26 September 2023 on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
- (2) The Group's Shareholder Communication Policy primarily includes: 1) Annual general meetings provide constructive platform for communication which enable the Group to maintain regular two-way communication with Shareholders. The Group will arrange the Chairman and the chairman or members of the various committees of the Board (including the Independent Board Committee in the case of connected transactions or any other transactions subject to independent approval, if applicable) to attend general meetings (or, if unable to attend for unexpected and/or uncontrollable reasons in person, their duly appointed proxies) to exchange views with Shareholders and answer Shareholders' questions; 2) The Group provides the Shareholders and the investment market with designated contact details, such as telephone and fax numbers, postal and email addresses, for Shareholders to raise any enquiries about the Group; 3) The Group regularly organises various activities, including analyst meetings, roadshows, investor briefings, site visits and discussion sessions, to facilitate communication between the Group and its Shareholders and investors. All communication activities with the capital markets are subject to the relevant disclosure obligations and requirements of the Group; 4) The Shareholder Communication Policy is regularly reviewed by the Board of the Group and revised from time to time, if applicable.

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- (3) Implementation and effectiveness of Shareholder Communication Policy: During the Reporting Period, the Company participated in and received a total of 129 various types of research, communication and interviews (including four results release presentations, one annual general meeting, 69 attendance of strategy meetings and proactive visits of institutions, receipt of 52 investor researches and reverse roadshows, 3 investor open days/on-site research activities). The live communication with Shareholders was realized in the above-mentioned presentations of results and annual general meeting of the Company. Certain Directors and management of the Group attended the meetings, and communicated with representatives of participating Shareholders, analysts and media reporters. In daily communications, the Group ensured smooth communication with investors to the maximum extent through telephone and on-site receptions. For information on the Company's reception of investors during the year, please refer to "XII. Reception of Research, Communications and Interviews" of "Chapter IV Report of the Board and Operation Discussion and Analysis" of this report. At the same time, the Group took the initiative to solicit and collect shareholders' views and submitted them to the Company's management in the form of official documents, such as the monthly report on investor relation, to incorporate reasonable views and suggestions and actively study and implement proposals to empower operation and management.

In summary, the Group has strictly implemented the current shareholder communication policy during 2023, and the relevant system operates effectively. In the coming year, the Company will further improve its communication with the investors and endeavour to enhance the investors' understanding to the Company. Meanwhile, it is expected that more support and attention from the investors can be earned.

## X. RISK MANAGEMENT AND INTERNAL CONTROL

- (I) The risk management and internal control system

The Company established a comprehensive risk management and internal control system in strict compliance with the requirements of CSRC, the CSRC Shenzhen Bureau and the Hong Kong Stock Exchange. According to the Criteria Benchmarks for Enterprise Internal Controls and its guidance issued by five ministries and departments, the requirements of the Corporate Governance Code and the Corporate Governance Report under the Hong Kong Listing Rules and by referring to guiding documents such as COSO "Corporate Risk Management – Overall Framework" and ISO31000 "Risk Management – Principles and Guidelines", the Company has designed, implemented and monitored its risk management and internal control system.

## CHAPTER V CORPORATE GOVERNANCE

The Board of the Company attaches great importance to the construction of the risk management and internal control system of the Company. The Board optimises the risk management strategy of the Company according to the strategic planning, formulates the work policy for risk management for the year, and circulates these strategies and policies to each business department for implementation. The Board is to ensure that the resources and budgets are adequate in the areas of accounting, internal audit, financial reporting functions and environmental, social and governance (“ESG”) performance and reporting and that our staff have the appropriate qualifications and experience and received adequate training. The Audit Committee and the Risk Management Committee of the Board is responsible for monitoring the design, implementation and supervision of the risk management and internal control system of the Company and reports to the Board in this regard. The management is responsible for the design, implementation and supervision of the risk management and internal control systems, and for the identification and special governance of major risks of the Company. Under the authorisation of the management and guidance of the Board, the audit and supervision department of the Company is responsible for coordinating the construction, implementation and supervision of the risk management and internal control system of the Company. The Audit Committee of the Board of Directors of the Company reviewed the effectiveness of the operation of the risk management and internal control systems of the Company and its subsidiaries and how to further improve them in 2023 in each of their four regular meetings in accordance with relevant laws and regulations, and reported the situation to the Board of Directors, such reviews included without limitation to finance, operation and compliance.

During the Reporting Period, the Company continuously created an organizational atmosphere of independent risk control by taking “serving the strategies of organizations, adhering to compliance bottom line, guarding and creating value for organizations” as its purpose and “consolidating compliance-based risk control, promoting value-based risk control integrating businesses, and practicing digital intelligence-based risk control” as its starting point, and implemented a normalized three-level spot check mechanism. The Company actively promoted the key risk identification and special risk governance of organizations at all levels, accelerated the application deepening of digital risk control and the horizontal expansion of achievements, promoted the implementation of achievements of core elements of the risk control system on a pilot basis and expanded the implementation scope of risk control effectiveness evaluation.

1. Facilitated the “Unannounced Critical Risk Inspection” in stages by means of company self-inspection and group unannounced sampling inspection, insist on conducting quarterly internal and external key risks self-inspection and self-correction to promote the closed-loop management of audit findings;

## CHAPTER V CORPORATE GOVERNANCE

2. Continuously promoted special governance on key risks. The Company explored the implementation of a special project of risk governance of overseas enterprises, benchmarked domestic and overseas best practices, and systematically sorted out the whole process control mechanism of investment management of overseas enterprises. The Company continued to implement the resumption and special governance of EPC projects. The Company focused on the key risk areas of innovative and entrepreneurial enterprises, and sorted out the key business processes and the red and yellow lines of risk control of innovative and entrepreneurial enterprises. The Company cooperated with the business to carry out the special project of fund risk control, put forward the framework and planning blueprint of the treasurer risk management system, and helped to build a risk management platform for the whole life cycle of funds;
3. Continued to carry out digital risk control projects, embed some models in key risk areas into business systems, and initially realized the pre-event early warning and interim-event interception of risks. The function of the model was continuously iterated, and the coverage area was gradually expanded;
4. On the basis of the construction results of the pilot sector's risk control system, the Company increased the implementation of the key elements of the risk control system and the horizontal expansion of achievements. The Company gradually promoted the horizontal implementation of the key elements of the Group's risk control system by taking the validity evaluation of risk control as the starting point;
5. The Company took multiple measures to promote the Group's risk control team to reach a consensus and improve the ability of performing the duty of risk control. The Company carried out 17 risk control publicity sessions, customized and developed 10 pieces of courseware, and introduced 15 external high-quality courses, and the training and publicity covered more than 1,200 core cadres and business backbones;
6. Strengthen dissemination of the requirements from external regulatory authorities and the Group in relation to risk control, regularly promote "Risk Control in Comic\*(《漫話風控》)", Internal and External Risk Control Information and risk control works and disseminate domestic and overseas risk control information and trends in a vivid and easy-to-understand format;
7. In terms of ESG risk prevention, for example, the management risks existing in the Group's operations include the compliance risks occurred in the cross-border business. The Group has determined the management principles, management mechanisms and compliance review processes of the compliance risks in specific areas through institutionalization, strengthened the responsibilities of dispatched directors and business subjects, optimized the informatization construction of compliance management, and continuously improved the compliance awareness of personnel at all levels, and has initially achieved the hierarchical management of the compliance risks in the international business. No substantial risks have occurred in the compliance field of the Group's international business, and the conduct of the Group's cross-border business has not been materially and adversely affected.

## CHAPTER V CORPORATE GOVERNANCE

### (II) Identification, assessment and response procedures for major risks

The Company attaches great importance to the identification and evaluation of major risks based on the risk control information platform, including regulatory requirements, various internal/external risk events, risk information released by external authoritative agencies, etc., and in combination with research and judgment of market and economic situation, identification of major risks that the Company may be faced and the output the “material and important risk pool” to promote the development of major risk assessments.

The risk control management department, together with external experts establishes evaluation criteria based on the likelihood and impact of risks, and with benchmarking against the competent authorities and risk ranking among peers, organizes risk evaluation from both qualitative and quantitative perspectives, selects the top ten risks, investigates and analyzes the reasons for and impacts of the risks, and formulates response measures, which are taken as the material inputs of the business plan strategy of the Group for the next year.

### (III) Procedures for reviewing the effectiveness of risk management and internal control system

During the Reporting Period, the Company continued to promote and improve the effectiveness of risk management and internal control system on a regular basis. The review procedures include annual self-assessment on internal control, compliance check, unannounced critical risk inspection, internal audit and effectiveness assessment of risk control system, etc., At the same time, the Company applied the risk control information platform and bulletin to promote the rectification of internal control deficiencies.

### (IV) The Board’s statement on the effectiveness of the risk management and internal control system

The Board acknowledges that it is responsible for the effectiveness of the risk management and internal control system. The Board considers that the risk management and internal control system of the Company is adequate and effective and that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective financial statement internal controls in all material aspects. Meanwhile, the Board acknowledges that the risk management and internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### (V) Procedures and internal control measures for handling and disclosing inside information

In respect of inside information disclosure procedures and internal control, the Company has promulgated the Information Disclosure Management System (《信息披露管理制度》) and the Insider Registration and Management System (《内幕信息知情人登記管理制度》), set up a supervision regime, specified the scope of inside information and developed the insider registration and archival-filing system. Please refer to “I. Situation of Corporate Governance” of “Part I: Corporate Governance (Prepared in Accordance with the PRC Securities Regulatory Requirements)” in this chapter hereof for details.

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### XI. OTHERS

Information on corporate governance can be accessed on the Company's website at [www.cimc.com](http://www.cimc.com). You may access such information by following these steps:

1. Go to the Company's homepage, find and click "Investor relationship";
2. Click "Corporate Governance"; and
3. Click on the information you are looking for.



## CHAPTER VI

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. MATERIAL ENVIRONMENTAL ISSUES

**Whether the listed company and its subsidiaries are on the list of critical pollutant dischargers published by the environmental protection authorities**

Yes No

For specific details of the Group's administrative permits in respect of environmental protection, standards for industrial emission and the discharge of pollutants during production and operating activities, treatment of pollutants, administrative penalties imposed upon the Group for environmental issues during the reporting period and improvement on the disposal of the three wastes i.e. "waste gas, waste water and solid waste", please refer to the Company's Annual Report for 2022 disclosed to the public on 27 March 2024, i.e. the Annual Report of China International Marine Containers (Group) Co., Ltd. for 2023.

#### **Environmental protection-related policies and industrial standards**

The Group and its subsidiaries comply strictly with the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People's Republic of China on the Prevention and Control of Soil Pollution, Law of the People's Republic of China on the Prevention and Control of Noise Pollution, Law of the People's Republic of China on the Protection of Marine Environment, Law of the People's Republic of China on Environmental Impact Assessment, Law of the People's Republic of China on Protection of the Yellow River, Measures for the Administration of the Directory of Key Environmental Supervision Units, Measures for the Administration of Legal Disclosure of Enterprise Environmental Information and such other laws and regulations; and strictly implement the Integrated Wastewater Discharge Standards, Integrated Emission Standard of Air Pollutants Emission Standard of Air Pollutants for Boilers, Emission Standard for Industrial Enterprises Noise at Boundary, Pollution Control Standards for Storage and Landfill of General Industrial Solid Waste, Standard for Pollution Control on Hazardous Waste Storage, Technical Specification for Setting Identification Signs of Hazardous Waste, Technical Specification for Two-dimensional Code Identification of Pollutant Discharge Outlet of Pollutant Discharge Unit and other environmental protection related national, industrial and local standards.

## CHAPTER VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### **Environmental self-monitoring plan**

All the key environmental supervision units under the Group have, by conscientiously implementing their primary responsibilities, formulated corporate environmental self-monitoring plans in accordance with the requirements of environmental supervision, and installed automatic monitoring equipment as required or entrusted qualified third-party testing units to conduct self-monitoring work. They have also kept relevant accounts and implemented relevant environmental information disclosure work.

### **Contingency plan for environmental incidents**

All the key environmental supervision units under the Group have prepared the contingency plan for environmental incidents in accordance with the requirements of relevant laws and regulations and filed with the relevant authorities. In addition, they regularly organized and completed contingency drills for environmental incidents in order to ensure timely, orderly, efficient and proper response to environmental incidents.

### **Relevant information on investments in environmental management and protection and payment of environmental protection tax**

The Group's total accumulated investments in environmental protection during the Reporting Period exceeded RMB214 million. For key environmental supervision units, the environmental protection related expenses exceeded RMB173 million and the total payment of environmental protection tax amounted to RMB639,300.

### **Measures taken to reduce its carbon emissions during the reporting period and their effectiveness**

Yes No

## CHAPTER VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Group actively responded to the national goal and vision of carbon peaking and carbon neutrality, formulated relevant strategies, plans and targets, and conscientiously conducted energy conservation and carbon reduction, contributing to the “dual carbon” goal of the industry and even China. On the one hand, the Group continued to improve its low-carbon operations by analysing energy consumption and carbon emission data on a regular basis, developing and introducing new energy-saving processes, promoting energy conservation and carbon reduction demonstration projects (such as the construction of rooftop photovoltaic power generation, purchase of green power, and improvement of energy conservation of air compressors), and carrying out corporate carbon verification, product carbon footprint certification, and creation pilot projects for a near-zero-carbon enterprise, so as to build a resource-saving and environment-friendly company. On the other hand, by leveraging its current business advantages and actively grasping the “dual-carbon” opportunity, the Group created more green and low-carbon products and services, such as multimodal transport and specialized logistics, hydrogen energy, green methanol, natural gas, offshore wind power, offshore photovoltaic, new-energy vehicles, recycled load, etc., based on the areas in which CIMC has an advantage and focusing on the business directions of “rural rejuvenation, clean water and lush mountains, clean energy and cold chain”, with the aim of assisting the global customers and the society to conserve energy and reduce carbon emissions.

Details of the measures taken by the Group to reduce carbon emissions and their impacts are set out in the “2023 social Responsibility & Environmental, Social and Governance Report” published by the Company on the websites of CNINF (http://www.cninfo.com.cn), the Company (www.cimc.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2024, respectively.

### Other environmental information that should be disclosed

None.

### Other relevant environmental information

(1) A total of 79 subsidiaries of the Group have passed ISO14001 environmental management system certification, among which, all of the 36 key environmental supervision units have been certified during the Reporting Period. (2) A total of 19 subsidiaries of the Group have been certified as the “green factories” at the national level, including 14 key environmental supervision units. (3) CIMC Safeway Technologies Co., Ltd\* (中集安瑞環科技股份有限公司) was selected to be on the list of “Leading Enterprises in Green Development for 2023 (2023年度綠色發展領軍企業)” jointly issued by the Department of Ecology and Environment of Jiangsu Province and the Jiangsu Federation of Industry and Commerce.

## CHAPTER VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. SOCIAL RESPONSIBILITY REPORT

Led by our vision of “becoming a high-quality and respected world-class enterprise”, CIMC Group is firmly committed to the concept of sustainable development. The Group has published the sustainability reports for many consecutive years, proactively disclosing to all stakeholders CIMC’s efforts in fulfilling social responsibilities and practicing ESG at a high standard. Details of the Group’s social responsibility performance in 2023 are set out in the “2023 Social Responsibility & Environmental, Social and Governance Report” published by the Company on the websites of CNINF (http://www.cninfo.com.cn), the Company (www.cimc.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2024, respectively.

Business Nature	Does it contain any environmental information?	Does it contain any social information?	Social Responsibility Report		
			Does it contain any information on corporate governance?	Report Disclosure Standards	
				Domestic Standards	Foreign Standards
Others	Yes	Yes	Yes	<ol style="list-style-type: none"> <li>The “Rules Governing the Listing of Stocks on Shenzhen Stock Exchange”</li> <li>The “Self-regulatory Guidelines No. 1 for Listed Companies on Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies”</li> <li>The Guidelines for Environmental, Social and Governance Report in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited</li> <li>The “Guidelines on Social Responsibility for Industrial Enterprises and Industrial Associations in China” (GSRI-CHINA 2.0)</li> <li>The “CASS ESG 5.0 Reporting Guide” by Chinese Academy of Social Sciences</li> </ol>	《全球報告倡議組織標準》(GRI Standards)“核心”選項 The “Core” options of the GRI Standards

## CHAPTER VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

CIMC Group actively responded to the national strategy of “Rural Revitalization”, coordinated its internal and external advantageous resources, continuously promoted the direction of “industrial support + public welfare donation support”, and actively explored and empowered the modernization of agriculture and rural areas in combination with the advantages of CIMC’s logistics and energy equipment, contributing to serving rural revitalization and promoting common prosperity with “CIMC’s energy”.

#### (1) Vigorously promoting the revitalization of rural industries to lay a solid foundation

Being well aware that “the key to rural revitalization lies in industrial revitalization”, CIMC Group gave full play to its own strengths to lay out relevant businesses.

Vigorously developing the local Nan bamboo industry and providing endogenous impetus for local development. In 2023, CIMC New Material’s three main production bases in Suining and Hengyang in Hunan, and Jinzhai in Anhui supported the development of the local bamboo curtain processing industry. Meanwhile, the Group is planning to invest in the environmentally-friendly bamboo pulp industry, is engaged in the manufacture and sale of pulp and paper products relying on the existing abundant bamboo and wood resources, and has obtained a number of patents for its research and development, which will be followed by the gradual construction of production bases.

Integrating industrial resources between banks and enterprises to help rural revitalization. During the Reporting Period, CIMC Group and Agricultural Bank of China Limited, Shenzhen Branch entered into a strategic cooperation agreement on joint services for rural revitalization, under which the two parties would carry out strategic cooperation in comprehensively promoting rural revitalization, accelerating the modernization of agriculture and rural areas, and promoting the common prosperity of farmers and rural areas.

Diversifying assistance to help the achievements in rural construction. Each of the subsidiaries under CIMC has actively carried out multi-form and multi-channel assistance to achieve new results in educational assistance, targeted assistance and rural construction by a combination of various initiatives.

## CHAPTER VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (2) Strengthening logistics and energy equipment to promote the modernization of agriculture and rural areas

As a leading supplier of logistics and energy equipment in the world, the Group gave full play to its professional strengths to provide more products and services to serve rural revitalization, continuously expand the depth and breadth of rural revitalization, and help accelerate the modernization of China's agriculture and rural areas.

CIMC Cold Chain solved the pain points of fresh agricultural products circulation by accelerating the construction of production and marketing infrastructure for local fresh products. During the Reporting Period, CIMC Cold Chain established fresh products cold chain distribution and processing centers in Baise, Guangxi, Kashgar, Xinjiang and other fresh products production and marketing areas to promote the entire cold chain of pre-cooling, cold storage and fresh preservation, solve the problems of high cost and high loss rate of the outward transportation of local fresh products, help farmers to increase their income stably in a long term and assist in rural revitalization.

CIMC Vehicles manufactured special vehicles for agriculture and rural areas to meet the application needs of different rural logistics and distribution scenarios. The R&D and delivery of CIMC Lingyu bulk feed trucks completed in November 2023 helped the local feed transport industry to flourish and contributed to the upgrade and iteration of the modernization of agricultural and animal husbandry transport equipment.

CIMC Enric actively helped the implementation of the national "dual carbon" goal and the "gas to countryside" strategy. CIMC Enric has taken the lead in developing and delivering China's first LPG trucks with a pump, which are currently in use and running well in Hubei, Hunan, Zhejiang, Qinghai, Chongqing and other places. A subsidiary under CIMC Enric provided an energy micro-pipe network solution to provide energy consumption solutions with lower cost and higher security for villages, and the first phase of its rural revitalization low-carbon energy micro-pipe network and Dongzhuang Village experimental project in Dongzhuang Village, Liantang Town, Qingpu District, Shanghai has been completed and delivered.

CIMC Wetrans accelerated the development of cross-border cold chain logistics to further foster an unimpeded domestic and international dual-circulation development pattern. In January 2023, CIMC Wetrans's "China-Laos Railway International Cold Chain Two-way Train" carried 250 tonnes of high-quality agricultural products, such as Yunnan vegetables and flowers, to Vientiane in Laos and then distributed them to Thailand and Myanmar, helping "Yunnan vegetables to go out of Yunnan (雲菜出滇)". return train full of Thailand fresh longan and other imported fruits, arrived in Kunming along the China-Laos Railway, enables Southeast Asian imported fruits to achieve "zero-distance" access from "places of origin" to "dining tables".

CIMC Environmental Protection is committed to the application and innovation of integrated environmentally-friendly equipment and comprehensive environmental treatment technology, and has developed a variety of integrated water treatment equipment. For example, CIMC Environmental Protection, together with an external team, has launched "One Pond, One Island (一池一島)", the new technology for aquaculture tail water treatment, which can solve the problems of substandard performance of aquaculture tail water treatment in terms of total nitrogen, and the existing treatment process covering a large area. In the future, CIMC Group will stay true to its original aspiration and continue to devote itself to the great commitment to comprehensively promote China's rural revitalization, develop new businesses and create new scenarios by actively leveraging its traditional equipment and service advantages in the fields of logistics and energy, and continuously explore opportunities in industries such as cold chain, recycling freshwater fishery, marine proteins, agricultural machinery and equipment, cross-border agricultural products, and energy micro-pipe networks, etc., so as to contribute to the acceleration of the modernization of agriculture and rural areas, and to assist the comprehensive rural revitalization with "CIMC's energy".

## CHAPTER VII

# SIGNIFICANT EVENTS

### I. PERFORMANCE OF COMMITMENTS

#### 1. Commitments Performed during the Reporting Period and Not Yet Fulfilled as at the End of the Reporting Period by the Company, Shareholders, the De Facto Controller, Acquirer, Director, Supervisor, Senior Management or Other Related Parties

Applicable Not Applicable

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority Shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so, domestic residents can only hold or sell its H Shares of the Company of which they legally possess due to the change of listing location of stocks of the Company, they are not eligible to subscribe the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment.	15 August 2012	Before domestic residents are free to buy overseas stocks.	In progress
	The Company	Shareholders' bonus return plan (2022 to 2024)	28 June 2022	2022 to 2024	In progress
The commitment is fulfilled in a timely manner or not	Yes				

#### 2. The Company Has Made Profit Forecasts on its Assets or Projects, and the Profit Forecast Period is within the Reporting Period. The Company Has to State Whether the Original Profit Forecasts on Assets or Projects are Fulfilled and the Reasons Therefore

Applicable Not Applicable

## CHAPTER VII SIGNIFICANT EVENTS

### II. APPROPRIATION OF THE LISTED COMPANY'S FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not Applicable

For details of appropriation of the Company's funds by our related parties for non-operating purposes, please refer to the Special Report on Funds Occupied by Controlling Shareholders and Other Related Parties of China International Marine Containers (Group) Co., Ltd disclosed by the Company on 27 March 2024.

### III. ILLEGAL EXTERNAL GUARANTEES

Applicable Not Applicable

### IV. STATEMENT OF THE BOARD ON THE AFFAIRS RELATING TO THE LATEST "NON-STANDARD AUDING REPORT"

Applicable Not Applicable

### V. STATEMENTS OF THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS ON THE "NON-STANDARD AUDITING REPORT" ISSUED BY THE ACCOUNTANT DURING THE REPORTING PERIOD

Applicable Not Applicable

### VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS IN COMPARISON WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR

Applicable Not Applicable

### VII. EXPLANATION OF CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS IN COMPARISON WITH FINANCIAL REPORT OF PREVIOUS YEAR

Applicable Not Applicable

Please refer to note V to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" as set out in this Report for enterprise merger and newly set up companies.



## CHAPTER VII SIGNIFICANT EVENTS

### VIII. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

#### The firms of accountants engaged currently

The engaged firm of accountants in the mainland	PricewaterhouseCoopers Zhong Tian LLP
Payment for the accountants	Audit-related costs of RMB14.666 million (including: auditing fees for financial statements of RMB12.466 million, and auditing fees for internal control of RMB2.20 million) and non-audit costs of RMB2.321 million
Continuing service year of the accountants	12 years
CPA of the accountants	Cai Zhifeng, Chen Yun (Note)

Note: According to the "Announcement on the Proposed Re-appointment of Accountants" published by the Company on 24 May 2023, the original signing CPAs are Cai Zhifeng and Guo Suhong. Among them, signing CPA for the 2023 audit report was changed from Ms. Guo Suhong to Ms. Chen Yun due to internal work adjustment by the arrangement of PricewaterhouseCoopers Zhong Tian LLP.

Whether to appoint another accounting firm during the Reporting Period

Yes No

Particulars on recruitment of accounting firms, financial consultants or sponsors for internal control and auditing purposes

Applicable Not Applicable

During the Reporting Period, the Company engaged PricewaterhouseCoopers Zhong Tian LLP as its accounting firm for internal control and auditing purposes.

### IX. DELISTING UPON DISCLOSURE OF ANNUAL REPORT

Applicable Not Applicable

### X. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable Not Applicable

During the Reporting Period, there were no bankruptcy or reorganization related issues of the Company.

## CHAPTER VII SIGNIFICANT EVENTS

### XI. MATERIAL LAWSUITS AND ARBITRATIONS

Applicable Not Applicable

During the Reporting Period, there were no material lawsuits or arbitrations related issues of the Company.

#### Other litigation events

As of the end of the Reporting Period, the total litigation amount involved in other sued cases involving the Company that did not meet the disclosure standards for major litigations and are still pending was approximately RMB554 million, including the litigation and/or arbitration against the Company and its subsidiaries by GOODPACK IBC (SINGAPORE) PTE. LTD and GOODPACK PTE. LTD. For details, please refer to the announcement dated 1 March 2024 published by the Company.

### XII. PENALTIES AND REMEDIES

Applicable Not Applicable

During the Reporting Period, there were no penalties or remedies of the Company.

### XIII. THE CREDIT WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

During the Reporting Period, there was no effective judgment of the court failed to be satisfied by the Company or relatively large amount of debts due and outstanding.

## CHAPTER VII SIGNIFICANT EVENTS

### XIV. MATERIAL RELATED-PARTY TRANSACTIONS

#### (I) Related-party transactions as Defined by Domestic Laws and Regulations

##### 1. Related-party transactions Relating to Daily Operations

Unit: RMB thousand

Related party	Relationship with the Group	Type of the related-party transaction	Details of the related-party transaction	Pricing Principle	Price	Amount	Proportion to transaction amount of the same category	Approved Cap	Whether approved cap has been exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
Sinotrans & CSC	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	212,196	-	550,000	No	-	-	17 June 2022 and 3 August 2022	www.criinfo.com.cn www.hkexnews.hk www.cimc.com
		Receiving of services	Receiving of services	Regular commercial terms	-	746,656	-	4,400,000	No	-	-		
China Merchants Port Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	328	-	140,000	No	-	-	11 May 2022	
		Receiving of services and leasing business	Receiving of services and leasing business	Regular commercial terms	-	14,101	-	60,000	No	-	-		
Liaoning Port Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	3,191	-	140,000	No	-	-	11 May 2022	
		Receiving of services and leasing business	Receiving of services and leasing business	Regular commercial terms	-	15,071	-	60,000	No	-	-		
China Merchants RORO Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	-	-	170,000	No	-	-	11 May 2022	
		Receiving of services	Receiving of services	Regular commercial terms	-	-	-	30,000	No	-	-		
Sinotrans Group	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	80	-	245,000	No	-	-	11 May 2022	
		Receiving of services	Receiving of services	Regular commercial terms	-	1,925	-	30,000	No	-	-		

## CHAPTER VII SIGNIFICANT EVENTS

Related party	Relationship with the Group	Type of the related-party transaction	Details of the related-party transaction	Pricing Principle	Price	Amount	Proportion to transaction amount of the same category	Approved Cap	Whether approved cap has exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
CIMC Financial Leasing Company and its subsidiaries	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods and provision of services	Regular commercial terms	-	406,373	-	1,410,000	No	-	-	24 February 2023	
		Purchase of goods and receiving of services	Receiving of services	Regular commercial terms	-	2,946	-	100,000	No	-	-		
Shenzhen Huijin Intelligent Industry Co., Ltd. and its subsidiaries	Subsidiary of substantial shareholder	Provision of services	Provision of services	Regular commercial terms	-	205	-	50,000	No	-	-	24 February 2023	
China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd. and its subsidiaries	Subsidiary of substantial shareholder	Sale of goods and provision of services	Sale of goods	Regular commercial terms	-	109,707	-	200,000	No	-	-	26 June 2023	
Total						1,512,779							

## CHAPTER VII SIGNIFICANT EVENTS

Details of substantial sales return  
Projected total amount of related transactions in the ordinary course of business during the current period by type and actual performance during the Reporting Period (if any)

Nil

As at 31 December 2023, the actual transaction amounts of ordinary related-party transactions between the Group and related parties have not exceeded the annual caps set out in the agreements signed between the Company and related parties in respect of these ordinary related-party transactions. For details, please refer to “2. Continuing Connected Transactions/Ordinary Related-Party Transactions” in “(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules” under “XIV. Material Related-party Transactions” of this chapter.

Reason for the substantial difference between transaction prices and referential market prices (if applicable)

Not applicable

### 2. Related-party Transactions Relating to Assets or Equity Interest Acquisition and Disposal

Applicable Not Applicable

### 3. Related-party Transactions Relating to Joint External Investments

Applicable Not Applicable

For details of the related-party transactions relating to joint external investments, please refer to “1. Connected Transactions” of “(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules” of “XIV. Material Related-party Transactions” of this chapter.

### 4. Claims and Liabilities among the Related-party Transactions

Applicable Not Applicable

Whether there are non-operating claims and liabilities among the related-party transactions

Yes No

During the Reporting Period, the information on claims and liabilities among the connected transactions is set out in the Note VIII 5.(4) to “Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE” in this Report.

## CHAPTER VII SIGNIFICANT EVENTS

### 5. Transactions with related finance companies

Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the Company and related finance companies and related parties.

### 6. Transactions between Finance Companies Controlled by the Company and Related Parties

Applicable Not Applicable

1. On 27 August 2021, as considered and approved at the twenty-first meeting in 2021 of the ninth session of the board of directors of the Company, CIMC Finance Company signed the Financial Services Framework Agreement with CIMC Industry & City. Pursuant to the Financial Services Framework Agreement, CIMC Finance Company provides financial services to CIMC Industry & City and its subsidiaries, including deposit-taking services and loan services. The transaction limit of the Financial Services Framework Agreement is as follows: the maximum daily deposit balance of CIMC Industry & City and its subsidiaries with CIMC Finance Company shall not exceed RMB3 billion; the principal balance of loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries shall not exceed RMB1.5 billion. The transaction has been considered and approved by the shareholders at the fourth extraordinary general meeting in 2021 held by the Company on 24 September 2021, and the services under the Financial Services Framework Agreement shall be valid for a period of three years from the date of approval by the shareholders at the general meeting. For relevant information, please refer to the relevant announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 27 August 2021 and 24 September 2021 (Announcement Nos.: [CIMC]2021-081 and [CIMC]2021-089) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## CHAPTER VII SIGNIFICANT EVENTS

### (1) The deposit business of CIMC Industry & City and its subsidiaries with CIMC Finance Company:

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Amount for the period			
				Balance as at 1 January 2023 (including interest)	Total amount deposited for the period (including interest)	Total amount withdrawn for the period (including interest)	Balance as at 31 December 2023 (including interest)
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	3,000,000	With reference to market rates	337,976	18,590,531	(18,789,876)	138,631

During the Reporting Period, the maximum daily deposit balance of CIMC Industry & City and its subsidiaries with CIMC Finance Company was RMB439,087,000, which did not exceed the agreed cap of RMB3,000,000,000.

### (2) Loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries:

Unit: RMB thousand

Related party	Relationship	Credit limit	Range of interest rate	Amount for the period			
				Balance as at 1 January 2023 (including interest)	Total loans for the period (including interest)	Total repayments for the period (including interest)	Balance as at 31 December 2023 (including interest)
CIMC Industry & City	The Group's Directors, Supervisors and senior management holding positions	1,500,000	With reference to market rates	353,886	369,014	(57,627)	665,273

During the Reporting Period, the maximum balance of the principal of loans provided by CIMC Finance Company to CIMC Industry & City and its subsidiaries was RMB664,164,000, which did not exceed the agreed cap of RMB1,500,000,000.

## CHAPTER VII SIGNIFICANT EVENTS

2. On 11 May 2022, CIMC Finance Company entered into a Financial Services Framework Agreement with CIMC Financial Leasing Company, pursuant to which, CIMC Finance Company is to provide financial services, including deposit-taking services, to CIMC Financial Leasing Company and its subsidiaries. As agreed between the two parties in the Financial Services Framework Agreement: the maximum daily deposit balance of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company shall not exceed RMB500 million, with the interest rate of the deposits determined with reference to the market rates. The Financial Services Framework Agreement should be valid for a period of three years commencing from the date of exclusion of CIMC Financial Leasing Company from the Group's consolidated financial statements on 27 May 2022. For further details, please refer to the Company's announcement published on Cninfo's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and that of the Company ([www.cimc.com](http://www.cimc.com)) on 11 May 2022.

The deposit business of CIMC Financial Leasing Company and its subsidiaries with CIMC Finance Company:

Unit: RMB thousand

Related party	Relationship	Maximum daily deposit balance	Range of interest rate	Amount for the period			
				Balance as at 1 January 2023 (including interest)	Total amount deposited for the period (including interest)	Total amount withdrawn for the period (including interest)	Balance as at 31 December 2023 (including interest)
CIMC Financial Leasing Company	Subsidiary of substantial shareholder	500,000	With reference to market rates	138,795	10,649,802	(10,685,169)	103,428

During the Reporting Period, the maximum daily deposit balance of CIMC Financial Leasing Company with CIMC Finance Company was RMB408,429,000, which did not exceed the agreed cap of RMB500,000,000.



## CHAPTER VII SIGNIFICANT EVENTS

3. On 23 June 2022, as considered and approved by the Directors at the 13th meeting of the Board in 2022, it was agreed that CIMC Commercial Factoring Co., Ltd. ("**CIMC Factoring**"), a holding subsidiary of the Company's wholly-owned subsidiary, Shenzhen CIMC Investment Co. Ltd., should provide factoring services to CIMC Industry & City and its subsidiaries. It was also agreed that the aggregate balance of the principal and interest of the related-party transactions between CIMC Factoring and CIMC Industry & City and its subsidiaries should not exceed RMB220 million for each day. The above agreements are valid from the date of approval by the Board, i.e. 23 June 2022, till 23 September 2024.

The factoring business between CIMC Factoring and CIMC Industry & City and its subsidiaries:

Unit: RMB thousand

Related party	Relationship	Daily cap	Range of interest rate	Amount for the period			Balance as at 31 December 2023
				Balance as at 1 January 2023	Total increase for the period	Total decrease for the period	
CIMC Industry & City	Directors, Supervisors and senior management holding positions	220,000	With reference to market rates	52,519	25,784	(78,303)	-

During the Reporting Period, the maximum daily balance of the transactions between CIMC Factoring and CIMC Industry & City and its subsidiaries was RMB52,519,000, which did not exceed the agreed cap of RMB220,000,000.

## 7. Other Material Related-party Transactions

Applicable Not Applicable

For details of the guarantees provided by the Group to the related parties CIMC Industry & City and CIMC Leasing, please refer to "2. Material Guarantees" of "XV. Material Contracts and Their Performances" of this chapter.

For details of other material related-party transactions, please refer to "1. Connected Transactions" of "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" of "XIV. Material Related-party Transactions" of this chapter.

## CHAPTER VII SIGNIFICANT EVENTS

### (II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules

Pursuant to Chapter 14A of the Hong Kong Listing Rules, the following connected transactions are disclosable in this Report:

#### 1. Connected Transactions:

##### (1) Joint establishment of “CIMC Hongyuan Advanced Manufacturing Industry Fund” by a subsidiary and a professional institution

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) (hereinafter referred to as “**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) (hereinafter referred to as “**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% (hereinafter referred to as the “**Joint Establishment of CIMC Hongyuan Advanced Manufacturing Industry Fund**”). On the same day, CIMC Capital Management, CIMC Capital Holdings Co. Ltd. (hereinafter referred to as “**CIMC Capital Holdings**”, the controlling shareholder of CIMC Capital Management), a wholly-owned subsidiary of the Company, Vanho Capital, Shenzhen Capital Group and Changsha Qianzhilong Microelectronics Co., Ltd.\* (長沙潛之龍微電子有限公司) entered into the Partnership Agreement for CIMC Hongyuan Advanced Manufacturing Industry Investment Partnership (Limited Partnership). As at 28 November 2022, the fundraising of the first tranche fund 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 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.

## CHAPTER VII SIGNIFICANT EVENTS

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 change of 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) entered into the Partnership Agreement for Shenzhen Shenshan Special Cooperation Zone Smart Creation CIMC Hongyuan Private Equity Investment Fund Partnership (Limited Partnership) (深圳市深汕特別合作區智創中集弘達私募股權投資基金合夥企業(有限合夥)). The size of the fund is 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.

For details, please refer to the relevant announcements published by the Company on Cninfo's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 10 August 2022, 29 August 2022, 28 November 2022, 10 March 2023, 17 April 2023 and 20 September 2023.

### (2) **Joint Establishment of "Shenzhen New-type Energy Storage Industry Equity Fund Partnership (Limited Partnership)" (hereinafter referred to as "Energy Storage Fund") by a subsidiary and a professional institution**

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) (hereinafter referred to as "**Yuanzhi Storage Energy**"), and other relevant parties to establish the Energy Storage Fund, with CIMC Capital Holdings to contribute RMB500 million in cash (hereinafter referred to as 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) (hereinafter referred to as the "**Partnership Agreement**"), which contracted for the cooperation in contributing to the establishment of the Energy Storage Fund and other relevant matters.

## CHAPTER VII SIGNIFICANT EVENTS

On 22 November 2023, Energy Storage Fund completed the industrial and commercial registration procedures. On 15 December 2023, private investment fund filing procedures have been completed. 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.

For details, please refer to the relevant announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 16 October 2023, 14 November 2023 and 19 December 2023 (Announcement Nos.: [CIMC]2023-084, [CIMC]2023-090 and [CIMC]2023-098) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### 2. Continuing Connected Transactions/Ordinary Related-party Transactions

#### (1) Continuing connected transactions/ordinary related-party transactions with Sinotrans & CSC

Based on the factors such as the actual transactions, economic environment of the market and expected prices to remain high, the Company and Sinotrans & CSC anticipate that the original 2022 annual cap and 2023 annual cap under the Original Framework Agreement (entered into on 9 December 2021) will not be able to meet the future transaction needs of the parties. In this regard, on 17 June 2022, as considered and approved by the Directors at the 12th meeting of the 9th session of the Board of Directors of the Company in 2022, the Company entered into a New Framework Agreement on Sale of Goods and Provision/Acceptance of Services (the "**Sinotrans & CSC Framework Agreement**") with Sinotrans & CSC, which set forth the new proposed caps for both parties for 2022, 2023 and 2024.

Sinotrans & CSC is a wholly-owned subsidiary of China Merchants Group Limited, a substantial shareholder of the Company, and Sinotrans & CSC and its subsidiaries are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules and the transactions between the Group and Sinotrans & CSC Group under the Sinotrans & CSC Framework Agreement constitute continuing connected transactions for the Company. In addition, Sinotrans & CSC and its subsidiaries are related legal entities of the Company under Chapter 6 of the Shenzhen Listing Rules and the transactions between the Group and Sinotrans & CSC Group under the Sinotrans & CSC Framework Agreement constitute ordinary related-party transactions for the Company. On 3 August 2022, the issue was considered and approved by the Shareholders at the first extraordinary general meeting of the Company in 2022.

## CHAPTER VII SIGNIFICANT EVENTS

Set out below are the proposed caps for the continuing connected transactions/ordinary related-party transactions under the Sinotrans & CSC Framework Agreement for the three years ended 31 December 2022, 2023 and 2024 and the actual transaction amounts incurred in 2023:

Unit: RMB thousand

Scope of connected/ related-party transaction	Proposed cap		Actual amount	
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Sale of goods and rendering of services by the Group to Sinotrans & CSC Group	520,000	550,000	580,000	212,196
Receipt of services by the Group from Sinotrans & CSC Group	4,200,000	4,400,000	4,600,000	746,656

For relevant information, please refer to the announcements published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 9 December 2021, 17 June 2022 and 3 August 2022.

### (2) Continuing connected transactions/ordinary related-party transactions with the subsidiaries of China Merchants Group for 2022–2024

On 11 May 2022, as considered and approved at the seventh meeting of the ninth session of the Board in 2022, the Company entered into relevant agreements with China Merchants Port, Liaoning Port, China Merchants RORO and Sinotrans, respectively. Pursuant to the agreements, the Group will continuously sell goods and provide services to, and receive services and/or leasing businesses from the other parties. All the parties have agreed on the proposed caps for the transactions for the three years ended/ending 31 December 2022, 2023 and 2024 (the four agreements signed collectively referred to as the “**China Merchants Subsidiaries Framework Agreements**”).

China Merchants Port, Liaoning Port, China Merchants RORO and Sinotrans are all subsidiaries of China Merchants Group, a substantial shareholder of the Company. Therefore, China Merchants Port, Liaoning Port, China Merchants RORO, Sinotrans and their respective subsidiaries are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules and the transactions under the China Merchants Subsidiaries Framework Agreements constitute continuing connected transactions for the Company. In addition, China Merchants Port, Liaoning Port, China Merchants RORO, Sinotrans and their respective subsidiaries are related legal entities of the Company under Chapter 6 of the Shenzhen Listing Rules and the transactions under the China Merchants Subsidiaries Framework Agreements constitute ordinary related-party transactions for the Company.

## CHAPTER VII SIGNIFICANT EVENTS

The proposed caps for the continuing connected transactions/ordinary related-party transactions for the three years ended 31 December 2022, 2023 and 2024 and the actual transaction amounts incurred in 2023 are as follows:

Unit: RMB thousand

Connected/related party	Scope of connected/related-party transaction	Proposed cap			Actual amount
		For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
China Merchants Port Group	Sale of goods and provision of services by the Group to China Merchants Port Group	140,000	140,000	140,000	328
	Receipt of services and leasing business by the Group from China Merchants Port Group	60,000	60,000	60,000	14,101
Liaoning Port Group	Sale of goods and provision of services by the Group to Liaoning Port Group	140,000	140,000	140,000	3,191
	Receipt of services and leasing business by the Group from Liaoning Port Group	60,000	60,000	60,000	15,071
China Merchants RORO Group	Sale of goods and provision of services by the Group to China Merchants RORO Group	170,000	170,000	170,000	–
	Receipt of services by the Group from China Merchants RORO Group	30,000	30,000	30,000	–
Sinotrans Group	Sale of goods and provision of services by the Group to Sinotrans Group	170,000	245,000	190,000	80
	Receipt of services by the Group from Sinotrans Group	30,000	30,000	30,000	1,925

For relevant information, please refer to the announcement published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 11 May 2022.

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### (3) Continuing connected transactions/ordinary related-party transactions with the subsidiaries of Shenzhen Capital Group

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.

- a. The Shenzhen Capital Group Subsidiaries Framework Agreements provided the proposed caps of continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025. The proposed caps under the Shenzhen Capital Group Subsidiaries Framework Agreements and the actual transaction amounts for 2023 are shown below:

Unit: RMB thousand

Connected/ related party	Scope of connected/related- party transaction	Proposed cap			Actual amount
		For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2023
Leasing Company	Sale of goods and provision of services by the Group	1,410,000	1,410,000	1,410,000	406,373
	Purchase of goods and receipt of services by the Group	100,000	100,000	100,000	2,946
Huijin Company	Provision of services by the Group	50,000	50,000	50,000	205

## CHAPTER VII SIGNIFICANT EVENTS

- b. For details of the Financial Service Framework Agreement, please refer to “6. Transactions between Finance Companies Controlled by the Company and Related Parties” of “(I) Related-Party Transactions as Defined by Domestic Laws and Regulations” under “XIV. Material Related-Party Transactions” in this chapter.

For relevant information, please refer to the announcement published by the Company on Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) on 11 May 2022 and 24 February 2023, respectively.

### (4) Continuing connected transactions with SIPG Group

On 23 June 2022, as considered and approved at the thirteenth meeting in 2022 of the ninth session of the Board of the Company, the Company entered into the relevant agreement with SIPG (the “**SIPG Group Framework Agreement**”) to agree on the proposed caps in respect of the transactions for the three years from 1 January 2022 to 31 December 2024. The Group will continuously sell goods and provide services to SIPG Group, and receive services provided by SIPG Group. After the completion of the transaction regarding introduction of a strategic investor, SIPG, by CIMC Wetrans on 31 March 2022, SIPG holds 12% equity interests in CIMC Wetrans and is a substantial shareholder of CIMC Wetrans, which in turn is a significant subsidiary of the Company. Thus, SIPG and its subsidiaries have constituted connected persons of the Company at the subsidiary level since 31 March 2022. Therefore, the transactions between the Group and SIPG Group contemplated under the SIPG Group Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The proposed caps of the continuing connected transactions agreed for the three years ended/ending 31 December 2022, 2023 and 2024 and the actual transaction amounts for 2023 are shown below:

Unit: RMB thousand

Scope of connected transaction	For the year	Proposed cap	For the year	Actual amount
	ended 31 December 2022	For the year ended 31 December 2023	ended 31 December 2024	For the year ended 31 December 2023
Sale of goods and rendering of services by the Group to SIPG Group	400,000	400,000	500,000	31,737
Receipt of services by the Group from SIPG Group	1,300,000	1,300,000	1,400,000	673,234



## CHAPTER VII SIGNIFICANT EVENTS

### (5) **Continuing connected transactions/ordinary related-party transactions with China Merchants Offshore Engineering Investment Shen Zhen Co., Ltd.**

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.

According to the data of “DNV Maritime Forecast to 2050” released by Det Norske Veritas group, only 186 marine ships were equipped with LNG power systems in 2020, and 356 marine ships were LNG-powered ships in 2022. It is expected that the LNG-powered ships will increase by 187 and 180 in 2023 and 2024, respectively, compared with 61 and 109 in 2021 and 2022, respectively, representing a significant increase. Also, the shipbuilding business of China Merchants Industry Holdings Co., Ltd. is mainly operated by three shipyards of CMOEI. In general, since a single LNG-powered ship requires multiple LNG fuel tanks, the new demand for LNG fuel tanks is more vigorous. Previously, due to less orders of LNG-powered ships and fuel tanks, the counterparty had sufficient production capacity and did not place orders in CIMC. However, in recent years, given the fact that the demand for LNG-powered ships and LNG marine tanks has increased rapidly, it has resulted in tight production capacity of the counterparty. In order to ease the delivery pressure, the CMOEI Group is expected to sub-contract some of the orders to CIMC for production. The main reasons being, on one hand, CIMC has the ability to provide customers with diversified and customized fuel tank solutions, and the pricing is competitive in the market; and on the other hand, the subsidiary of CIMC, which operates LNG fuel tanks manufacturing business, is in the same area as the shipyard of CMOEI, which has geographical advantages. Thus, after rounds of discussion with the counterparty, the Company understood that there will be a business demand of RMB200 million from the counterparty in the future. Hence, both parties have signed the Framework Agreements on 26 June 2023.

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The agreed proposed caps of continuing connected transactions/ordinary related-party transactions for the three years ending 31 December 2023, 2024 and 2025 and the actual transaction amounts for 2023 are shown below:

Unit: RMB thousand

Scope of connected/related-party transaction	Proposed cap			Actual amount
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2023
Sale of goods and rendering of services by the Group to CMOEI Group	200,000	200,000	200,000	109,707

### (6) Pricing Policy:

As far as the Group or each related party/connected person (as applicable) is concerned, the prices and terms relating to the continuing connected transactions/ordinary related-party transactions among the Group and Sinotrans & CSC Group, China Merchants Port Group, Liaoning Port Group, China Merchants RORO Group, Sinotrans Group, Leasing Company, Huijin Company, CMOEI Group, the continuing connected transactions between the Group and SIPG Group, the related-party transaction between CIMC Finance Company, which is a subsidiary of the Group, and CIMC Industry & City and its subsidiaries, the related-party transaction between CIMC Factoring, which is a subsidiary of the Group, and CIMC Industry & City and its subsidiaries, the connected transaction/related-party transaction between CIMC Finance Company, which is a subsidiary of the Group, and CIMC Leasing and its subsidiaries (the **"Transactions"**), will not deviate from the prices and terms offered by the Group or each related party/connected person (as applicable) for the supply or receiving of similar goods and/or services to and from independent third parties, and will make reference to at least two contemporaneous transactions of similar volume or quality with unrelated third parties. In addition, the relevant departments of the Group will regularly conduct a comprehensive analysis of the profitability of the supply or receiving of similar goods and/or services to and from different customers (including each related party/connected person and independent third-party customers), review the profit contribution of different customers and reflect the analysis results to the business departments for reference in making pricing adjustment decisions.

## CHAPTER VII SIGNIFICANT EVENTS

### (7) Independent non-executive Directors' confirmation:

In relation to the Transactions during the Reporting Period, the independent non-executive Directors of the Company have reviewed and confirmed that:

- The Transactions mentioned above have met requirements of the relevant laws and regulations as well as the Articles of Association, have been conducted on a fair, open and just basis and have been audited through relevant procedures, and no acts have been found which are detrimental to the interests of the Company and the Shareholders, especially the minority Shareholders;
- The Transactions mentioned above have been entered into in the ordinary and usual course of business of the Company;
- The Transactions mentioned above have been entered into on normal commercial terms or better terms;
- The Transactions mentioned above have been entered into in accordance with the terms of relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### (8) Auditor's confirmation:

Auditor of the Company reviewed the Transactions during the Reporting Period and confirmed that:

- (a) Nothing has come to auditors' attention that causes them to believe that the continuing connected transactions disclosed have not been approved by the Board.
- (b) In relation to the transactions involving the provision of goods or services by the Group, nothing has come to auditors' attention that causes them to believe that the Transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (c) Nothing has come to auditors' attention that causes them to believe that the Transactions were not entered into, in all material respects, in accordance with the agreements in relation to such transactions.
- (d) In relation to the total amount of continuing connected transactions, nothing has come to auditors' attention that causes them to believe that the amount of the continuing connected transactions exceeded the annual caps set by the Company.

### (9) The Board confirmed:

The auditor confirmed the matters in relation to the Transactions pursuant to the Rule 14A.56 under the Hong Kong Listing Rules.

## CHAPTER VII SIGNIFICANT EVENTS

### 3. Others

Details of the Group's related-party transactions and connected transactions during the 2023 Annual Report period are set out in note VIII. 5 to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" in the 2023 Annual Report. Except for the connected transactions and continuing connected transactions as disclosed in "(II) Connected Transactions Defined in accordance with the Hong Kong Listing Rules" of "XIV. Material Related-party Transactions" in this chapter, in respect of the connected transactions set out in note VIII. 5 to "Chapter X Financial Statements and Audit Report Prepared in Accordance with CASBE" in the 2023 Annual Report which do not constitute connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, there are no other connected transactions required to be disclosed pursuant to Chapter 14A of the Hong Kong Listing Rules. The Company further confirms that the connected transactions or continuing connected transactions have complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

## XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES

### 1. Trusteeship, Contracting and Leasing

#### (1) Trusteeship

Applicable Not Applicable

During the Reporting Period, there was no trusteeship of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

#### (2) Contracting

Applicable Not Applicable

During the Reporting Period, there was no contracting of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

#### (3) Leasing

Applicable Not Applicable

During the Reporting Period, there was no leasing of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

## CHAPTER VII SIGNIFICANT EVENTS

### 2. Material Guarantees

✓Applicable    □Not Applicable

Unit: RMB thousand

#### External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Related party guarantee or not
Customers and distributors of subsidiaries of CIMC Vehicles (Group) Co., Ltd.	28 March 2023	3,200,000	1 January 2023	445,985	Warranty	Nil	Nil	1-2 years	No	No
Customers of Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd.	28 March 2023	20,000	1 January 2023	7,050	Warranty	Secured	Nil	1-2 years	No	No
Customers of Kunming CIMC Vehicle Park Development Co., Ltd.	28 March 2023	40,000	1 January 2023	0	Warranty	Nil	Nil	Not applicable	No	No
C&C Trucks Co., Ltd.	28 March 2023 29 August 2023	1,000,000	1 January 2023	106,260	Warranty	Nil	Nil	1-2 years	No	No
Shenzhen CIMC Industry & City Development Group Co., Ltd.	28 March 2023	1,570,000	1 January 2023	244,549	Warranty	Nil	Secured	1-2 years	No	Yes
CIMC Financial Leasing Co., Ltd.	28 March 2023 29 August 2023	4,500,000	1 January 2023	1,032,828	Warranty	Nil	Nil	1-2 years	No	Yes
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	28 March 2023	300,000	1 January 2023	0	Warranty	Nil	Nil	Not applicable	No	No
Yichuan Tianyun Clean Energy Co., Ltd.	28 March 2023	102,000	1 January 2023	54,964	Warranty	Nil	Nil	1-2 years	No	No
Zhaoqing Runqing Water Transportation Limited	28 March 2023	100,000	1 January 2023	0	Warranty	Nil	Nil	Not applicable	No	No
Total external guarantee facilities approved during the Reporting Period (A1)			10,832,000	Total actual amount of external guarantees during the Reporting Period (A2)			635,996			
Total external guarantee facilities approved at the end of the Reporting Period (A3)			10,832,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)			1,891,636			

## CHAPTER VII SIGNIFICANT EVENTS

### The Company's guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not	Related party guarantee or not
Subsidiaries of CIMC (with gearing ratio of over 70%)	28 March 2023 29 August 2023	21,500,000	1 January 2023	13,838,070	Warrantice	Nil	Partially secured	1-2 years	No	No
Subsidiaries of CIMC (with gearing ratio of less than 70%)	28 March 2023 29 August 2023	5,000,000	1 January 2023	1,679,134	Warrantice	Nil	Partially secured	1-2 years	No	No
CIMC Fortune Holdings Limited	28 March 2023	25,000,000	1 January 2023	19,337,561	Warrantice	Nil	Nil	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			51,500,000	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)					19,618,591	
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			51,500,000	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)					34,854,765	

## CHAPTER VII SIGNIFICANT EVENTS

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Subsidiaries' guarantees for subsidiaries							Related party guarantee or not	
			Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfilled or not		
Guarantee of one subsidiary for another (with gearing ratio of over 70%)	28 March 2023 29 August 2023	11,728,000	2023年1月1日	5,839,337	Warranty	Nil	Partially secured	1-2 years	No	No	
Guarantee of one subsidiary for another (with gearing ratio of less than 70%)	28 March 2023 29 August 2023	10,940,000	2023年1月1日	4,475,454	Warranty	Nil	Partially secured	1-2 years	No	No	
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			22,668,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)					9,227,953		
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			22,668,000	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)					10,314,791		
Total guarantee of the Company (total of the above three items)											
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			85,000,000	Total actual guarantee amount during the Reporting Period (A2+B2+C2)					29,482,540		
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			85,000,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)					47,061,192		
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company										98.34%	
Including:											
Guarantee balance provided to Shareholders, the de facto controller and related parties (D)										1,032,828	
Debt guarantee balance provided directly or indirectly to the guaranteed with a gearing ratio of over 70% (E)										39,365,777	
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)										-	
Total amount of the above three guarantees (D+E+F)										40,398,605	
Guarantees which are not due but have incurred guarantee liability or are likely to incur joint settlement liability during the Reporting Period (if any)										-	
Guarantees provided to the external parties in violation of the procedures (if any)										-	

Guarantees provided in a combined manner: NO

## CHAPTER VII SIGNIFICANT EVENTS

### 3. Entrusted Cash or Assets Management

#### (1) Entrusted Wealth Management

Applicable Not Applicable

Unit: RMB100 million

Type	Source of funds for entrusted wealth management	Actual amount under entrusted wealth management	Outstanding balance	Overdue and unrecovered amount	Overdue and unrecovered amount for which impairment is provided
Bank's wealth management products	Funds in hand	23.20	–	–	–
Public fund products	Funds in hand	12.41	1.49	–	–
<b>Total</b>		<b>35.61</b>	<b>1.49</b>	<b>–</b>	<b>–</b>

#### (2) Entrusted Loans

Applicable Not Applicable

The specific circumstances of a high-risk entrusted loan with a single significant amount or low security, poor liquidity, and no guarantee for principal repayment

Nil

Unable to recover the principal of entrusted loans or other circumstances that may result in impairment

Applicable Not Applicable

### 4. Other Material Contracts

Applicable Not Applicable



## CHAPTER VII SIGNIFICANT EVENTS

### XVI. EXPLANATION ON OTHER SIGNIFICANT EVENTS

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 (hereinafter referred to as 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) (hereinafter referred to as the “**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.

	Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1	Regarding Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Shekou Group	28 December 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com

## CHAPTER VII SIGNIFICANT EVENTS

### XVII SIGNIFICANT EVENTS OF SUBSIDIARIES

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, an indirect controlling subsidiary of the Company, has applied for the initial public offering and listing of shares on the ChiNext Market of the Shenzhen Stock Exchange (hereinafter referred to as the “**A Share Offering**”). CIMC Safeway had completed the A Share Offering, and it was listed and commenced trading on the ChiNext Market of the Shenzhen Stock Exchange on 11 October 2023. Upon completion of the issuance, the Company remains an indirect controlling shareholder of CIMC Safeway and has control over it and consolidates its financial statements.
3. On 27 December 2023, it was considered at the 24th meeting in 2023 of the tenth session of the Board of the Company that, the listing plan of CIMC LPT, a subsidiary indirectly controlled by the Company, was approved. CIMC LPT intended to apply the direct connect review and supervision mechanism applicable to the National Equities Exchange and Quotations (hereinafter referred to as the “**NEEQ**”) and the Beijing Stock Exchange, 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 a quotation application to NEEQ Co., Ltd. and the application was accepted by the NEEQ Co., Ltd. on the same day.

	Summary of significant events	Disclosure date	Index for disclosure websites of temporary announcement
1	Regarding approval by the Listing Review Committee of Shenzhen Stock Exchange of the application for the A-shares Listing of CIMC-TianDa	28 May 2023	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
2	Regarding CIMC Safeway’s initial public offering and listing of A shares on the ChiNext Market	28 July 2023 and 10 October 2023	
3	Regarding the acceptance of the application for listing on the National Equities Exchange and Quotations by CIMC LPT	27 December 2023 and 29 December 2023	

## CHAPTER VII SIGNIFICANT EVENTS

### XVIII. 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 (hereinafter referred to as “**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) (hereinafter referred to as “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 further states the following: 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.

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2. The Group's eight subsidiaries including Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司) and Tianjin CIMC Logistics Equipment Co., Ltd. (天津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 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, noncompetition 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) (hereinafter referred to as 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 (hereinafter referred to as 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.

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4. 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 proposed 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.
5. On 27 March 2024, it was considered and approved at the fifth meeting in 2024 of the tenth session of the Board of the Company, that the Group was agreed to carry out fund management business with temporarily idle self-owned funds on the premise of not affecting the capital requirements for normal operation and ensuring the safety of funds. The balance of funds to be invested for wealth management shall not exceed RMB10 billion, and the maximum duration of a single investment shall not exceed 12 months in principle. At present, the expected annualized rate of return of the same type of wealth management products in the market is between 1% and 3%.

The Company has disclosed the announcement for the H Share market titled the Proposed Purchase of Wealth Management Products on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2024, and hereby provides further supplemental information in relation to the announcement: the aforementioned purchase of wealth management products complies with the relevant regulations prescribed by the Shenzhen Stock Exchange and is based on the reasonable estimates in respect of the scope, the limit and the duration of entrusted wealth management for the Group within the next 12 months, with the aim of ensuring that entrusted wealth management operations are carried out in the regulation-compliant and orderly manner on the premise of satisfying the requirements for frequent trading and timeliness. According to the relevant regulations of the Shenzhen Stock Exchange, if the estimated entrusted wealth management quota in the next 12 months accounts for more than 10% but less than 50% of the Company's latest audited net assets, it can be considered and approved by the Board of the Company prior to the investment, coupled with prompt fulfillment of disclosure obligations, suffices. Yet, in order to strictly comply with Chapter 14 of the Hong Kong Listing Rules, the Company will closely monitor the process of purchasing wealth management products and track the relevant transactions of the products it intends to invest in. During the monitoring process of each purchase of wealth management products under the quota, the Company will conduct the relevant applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules and will accordingly comply with the reporting, announcement requirements and comply with the independent shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules (if necessary).

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	<b>Summary of significant events</b>	<b>Disclosure date</b>	<b>Index for disclosure websites of temporary announcement</b>
1	Regarding Continuing Connected Transactions/Ordinary Related-party Transactions with China Merchants Hoi Tung Group	2 February 2024	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.cimc.com">www.cimc.com</a>
2	Regarding the litigation and arbitration of the Company and its subsidiaries	1 March 2024	
3	Regarding the conditional cash offer made by the controlling subsidiary CIMC Vehicles for the repurchase of H shares and the voluntary delisting of H shares	11 March 2024	
4	Regarding proposal of the largest shareholder to transfer certain shares of the Company through public solicitation for transfer	12 March 2024	
5	Matters related to proposed purchase of wealth management products for 2024	27 March 2024	

## CHAPTER VIII

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL DURING THE REPORTING PERIOD

#### 1. Changes in Share Capital

Unit: Share

	Pre-movement		Increase/decrease (+/-)					Post-movement	
	Numbers of shares	Percentage	New issue	Bonus issue	Conversion from reserves	Others (Note)	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	1,275,348	0.02%	0	0	0	1	1	1,275,349	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	1,275,348	0.02%	0	0	0	1	1	1,275,349	0.02%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	1,275,348	0.02%	0	0	0	1	1	1,275,349	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without selling restrictions	5,391,245,037	99.98%	0	0	0	(1)	(1)	5,391,245,036	99.98%
1. RMB-denominated ordinary shares	2,301,407,142	42.68%	0	0	0	(1)	(1)	2,301,407,141	42.68%
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares traded in non-RMB currencies and listed overseas	3,089,837,895	57.30%	0	0	0	0	0	3,089,837,895	57.30%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	5,392,520,385	100.00%	0	0	0	0	0	5,392,520,385	100.00%

Note: The increase of 1 share in the number of shares with selling restrictions at the end of the Period and the decrease of 1 share in the number of shares without selling restrictions at the end of the Period compared to the beginning of the Period were attributable to the rounding off of the number of shares subject to selling restrictions held by executives in CSDC's calculation at the beginning of the year.

## CHAPTER VIII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### **Reasons for changes in shares**

Applicable Not applicable

### **Approval for changes in share capital**

Applicable Not applicable

### **Transfer for changes in shares**

Applicable Not applicable

### **Effects of changes in share capital on financial indicators such as the basic earnings per share and diluted earnings per share, or the net assets per share attributable to Shareholders and other owners of equity interests of the parent of the previous year or latest period**

Applicable Not applicable

### **Other matters that the Company deemed necessary to or required by the securities regulatory authority to be disclosed**

Applicable Not applicable



## CHAPTER VIII

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### 2. Changes in Shares with Selling Restrictions

Applicable Not applicable

Unit: Share

Name of Shareholders	Number of shares with selling restrictions at the beginning of the Period	Number of shares with selling restrictions expired in the Period	Increase in number of shares with selling restrictions in the Period (Note)	Number of shares with selling restrictions at the end of the Period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang	667,848	0	1	667,849	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Huang Tianhua	607,500	0	0	607,500	Same as above	Nil
Total	1,275,348	0	1	1,275,349		

Note: The increase of 1 share in the number of shares with selling restriction held by the Company's Chairman Mr. MAI Boliang, was due to the rounding off of the number of shares subject to selling restriction in CSDC's calculation at the beginning of the year.

## II. ISSUE AND LISTING OF SECURITIES

### 1. Issue of Securities (excluding Preferred Shares) during the Reporting Period

Applicable Not applicable

### 2. Changes in the Total Number of Shares and Shareholder Structure of the Company, and Changes in Asset and Liability Structure of the Company

Applicable Not applicable

For details of the changes in the asset and the liability structure of the Group during the Reporting Period, please refer to "(III) Assets and Liabilities" under "VI. Analysis of Financial Data" in "Chapter IV Report of the Board and Management Discussion and Analysis" in this Report. For details of changes in the total number of shares and the shareholder structure of the Group during the Reporting Period, please refer to "1. Changes in Share Capital" in "I. Changes in Share Capital During the Reporting Period" and "III. Shareholders and De Facto Controller".

### 3. Existing Employee Shares

Applicable Not applicable

## CHAPTER VIII

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## III. SHAREHOLDERS AND DE FACTO CONTROLLER

## 1. Number of Shareholders and Shareholdings of the Company

The total number of Shareholders of the Company as at 31 December 2023 was 94,289, including 94,259 holders of A Shares and 30 registered holders of H Shares. The total number of Shareholders of the Company as at 29 February 2024 (being the end of the month prior to the publication date of the 2023 Annual Report of the Company) was 86,689, including 86,659 holders of A Shares and 30 registered holders of H Shares.

Unit: Share

Total ordinary Shareholders at the end of the Reporting Period		Total ordinary Shareholders at the end of the month prior to the publication date of Annual Report						
94,289		86,689						
Shareholdings of the Shareholders who held 5% or above or the top ten Shareholders at the end of the Reporting Period (excluding the lending of shares through refinancing)								
Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledged, marked or frozen shares Status	Number
HKSCC (Note 1)	Foreign legal person	58.14%	3,135,099,353	(55,759,070)	-	3,135,099,353	-	-
Shenzhen Capital Group (Note 2)	State-owned legal person	9.74%	525,000,000	-	-	525,000,000	-	-
COSCO SHIPPING Development Co., Ltd.	State-owned legal person	1.53%	82,770,123	6,965,280	-	82,770,123	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	Domestic non-state-owned legal person	1.20%	64,472,622	-	-	64,472,622	-	-
Miao Yanfen (苗艷芬)	Domestic natural person	0.84%	45,122,786	-	-	45,122,786	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No.10 Yiluo private equity investment fund	Domestic non-state-owned legal person	0.81%	43,915,202	6,389,040	-	43,915,202	-	-
Shenzhen Liye Group Co., Ltd. (深圳市立業集團有限公司)	Domestic non-state-owned legal person	0.56%	30,300,300	30,300,300	-	30,300,300	-	-
CITIC Prudential Life Insurance Co., Ltd. – participating products (Note 3)	Domestic non-state-owned legal person	0.55%	29,599,947	-	-	29,599,947	-	-
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 4 private equity fund	Domestic non-state-owned legal person	0.54%	29,189,807	-	-	29,189,807	-	-
Fu Xuan (付璇)	Domestic natural person	0.42%	22,656,882	2,549,000	-	22,656,882	-	-
Strategic investors or ordinary legal persons who became top ten Shareholders due to placing of new shares (if any)	None							
Explanation on the relationship or concerted action of the above Shareholders	Unknown							
Explanation on above Shareholders' delegation of/being entrusted with and waiver of voting rights	Not applicable							
Special explanation on the existence of repurchase dedicated accounts among the top ten Shareholders (if any)	Not applicable							

## CHAPTER VIII

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### Shareholdings of top ten Shareholders of shares without selling restrictions as at the end of the Reporting Period (excluding the lending of shares through refinancing)

Name of Shareholders	Number of shares held without selling restrictions at the end of the Reporting Period	Types of shares	
		Types of shares	Number
HKSCC (Note 1)	3,089,636,445	Overseas listed foreign shares	3,089,636,445
	45,462,908	RMB ordinary shares	45,462,908
Shenzhen Capital Group (Note 2)	525,000,000	RMB ordinary shares	525,000,000
COSCO SHIPPING Development Co., Ltd.	82,770,123	RMB ordinary shares	82,770,123
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Jun'an No.9 Yiluo private equity investment fund	64,472,622	RMB ordinary shares	64,472,622
Miao Yanfen (苗艷芬)	45,122,786	RMB ordinary shares	45,122,786
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No.10 Yiluo private equity investment fund	43,915,202	RMB ordinary shares	43,915,202
Shenzhen Liye Group Co., Ltd. (深圳市立業集團有限公司)	30,300,300	RMB ordinary shares	30,300,300
CITIC Prudential Life Insurance Co., Ltd. – participating products (Note 3)	29,599,947	RMB ordinary shares	29,599,947
Shanghai Yiluo Private Equity Fund Management Co., Ltd. – Junxing No. 4 private equity fund	29,189,807	RMB ordinary shares	29,189,807
Fu Xuan (付璇)	22,656,882	RMB ordinary shares	22,656,882
Description of the connected relationship or concerted actions between the top 10 Shareholders of tradable shares not subject to selling restrictions, and between the top 10 Shareholders of tradable shares not subject to selling restrictions and the top 10 Shareholders	Unknown		
Information on the top 10 ordinary Shareholders participating in the margin trading and securities lending business (if any)	Nil		

Note 1: As at 31 December 2023, HKSCC holds 3,135,099,353 shares of the Company, comprising 45,462,908 A shares held by Hong Kong Securities Clearing Company Limited, being the nominal holder of the A shares held by the non-registered shareholders of the Company, and 3,089,636,445 H shares held by HKSCC NOMINEES LIMITED, being the nominal holder of the H shares held by the non-registered shareholders of the Company. The H shares registered under HKSCC NOMINEES LIMITED include (but not limited to) 1,320,643,830 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), and the 1,078,634,297 H shares directly held by Shenzhen Capital Group through its wholly-owned subsidiary Shenzhen Capital (Hong Kong) and the 265,990,770 H shares held by CITIC Prudential Life Insurance Co., Ltd.

Note 2: As at 31 December 2023, Shenzhen Capital Group held 1,078,634,297 H shares of the Company which were registered under HKSCC NOMINEES LIMITED (see note 1 above) and 525,000,000 A shares of the Company.

Note 3: As at 31 December 2023, CITIC-Prudential Life Insurance Co., Ltd. held 29,599,947 A shares of the Company and another 265,990,770 H shares of the Company registered in the name of HKSCC NOMINEES LIMITED (see note 1 above) as mentioned above.

The top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions of the Company haven't conducted any agreed repurchase transactions during the Reporting Period.

## CHAPTER VIII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Particulars of participation of the top ten Shareholders in lending shares through refinancing

Applicable Not applicable

### Particulars of changes in the top ten Shareholders as compared with the previous period

Applicable Not applicable

Unit: Share

#### Changes in the top ten Shareholders as compared with the end of the previous period

Name of Shareholder (full name)	Added/ withdrawn during the Reporting Period	Number of shares lent and not returned through refinancing at the end of the Reporting Period		Number of shares held by general account and credit account and shares lent and not returned through refinancing at the end of the Reporting Period	
		% of total		% of total	
		Total	share capital	Total	share capital
Shenzhen Liye Group Co., Ltd. (深圳市立業集團有限公司)	Added during the Reporting Period	-	-	30,300,300	0.56%
Dacheng Fund – Agricultural Bank of China – Dacheng Fund & CSFC Asset Management Plan	Withdrawn during the Reporting Period	-	-	14,616,940	0.27%

## 2. Controlling Shareholders of the Company

Applicable Not applicable

There is no controlling Shareholder in the Company. During the Reporting Period, there was no change.

## 3. De Facto Controller

Applicable Not applicable

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

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#### Whether there are any Shareholders at the ultimate controlling level with shareholdings above 10% in the Company

Yes  No

Name of the corporate Shareholder	Legal representative/ Company leader	Date of establishment	Registered capital	Main business or management activities
Shenzhen Capital (Hong Kong)	Shi Lan	22 September 2020	HK\$50,000	Investment
China Merchants (CIMC) Investment Limited	Hu Xianfu	17 January 1995	HK\$10,000	Investment, shareholding

#### Changes in de facto controller during the Reporting Period

Applicable  Not applicable

#### De facto controller controls the Company through trust or other asset management

Applicable  Not applicable

#### 4. The Cumulative Number of Shares Pledged by the Controlling Shareholder or the Largest Shareholder of the Company and Parties Acting in Concert with it Reaches 80% of the Number Of Shares Held by Them

Applicable  Not applicable

#### 5. Other Corporate Shareholders with a Shareholding above 10%

Applicable  Not applicable

#### 6. Restrictions on Decrease in Shareholding by Controlling Shareholders, De Facto Controller, Reorganising Parties and Other Undertaking Parties

Applicable  Not applicable

## CHAPTER VIII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### IV. REPURCHASE OF SHARES DURING THE REPORTING PERIOD

#### Progress in the repurchase of shares

Applicable Not applicable

Time of disclosure	Number of shares to be repurchased (Note 1)	% of total share capital (Note 1)	Amount to be repurchased (RMB '0000)	Period of proposed repurchase	Repurchase purpose	Number of shares repurchased (Note 2)	% of the repurchased number of shares to the underlying shares involved in the equity incentive plan (if any)
16 November 2023	19.6078 million shares to 29.4118 million shares	0.36% to 0.55%	Not exceed RMB300 million (inclusive) and shall be no less than RMB200 million (included)	Within 3 months from the date on which the Board considered and approved the plan of the repurchase of shares	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. The Company will fulfill the relevant deliberation process and information disclosure obligations in a timely manner in respect of the subsequent adjustments, if any	-	Not applicable

Note 1: The number of repurchased shares was estimated based on the upper limit of repurchase price of RMB10.20/share. When the repurchase amount reaches the upper limit of RMB300 million, it is expected that the number of shares to be repurchased will be 29.4118 million shares, representing approximately 0.55% of the total issued share capital of the Company; when the repurchase amount reaches the lower limit of RMB200 million, it is expected that the number of shares to be repurchased will be 19.6078 million shares, representing approximately 0.36% of the total issued share capital of the Company.

Note 2: During the Reporting Period, the Company had not implemented the repurchase plan. From 15 January 2024 and up to 31 January 2024, the Company has repurchased a total of 24,645,550 A Shares by means of centralized bidding trading through its specific securities account for repurchase, which represent 0.4570% of its total issued share capital of the Company. The Company's repurchase of a portion of its A shares has been completed, which is in compliance with the requirements of relevant laws and regulations and the Company's established share repurchase plan.

#### Progress in reduction in the holding of repurchased shares by way of call auction

Applicable Not applicable

## CHAPTER VIII

### CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### V. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the directors are aware, as at 31 December 2023, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shares	Number of shares	Capacity	Percentage of such shares in the issued shares of the same class (%)	Percentage of such shares in the total issued shares (%)
Shenzhen Capital Group (Note 1)	A Shares	525,000,000 (L)	Interest of corporation controlled by the substantial shareholder	22.80%	9.74%
	H Shares	1,078,634,297 (L)	Interest of corporation controlled by the substantial shareholder	34.91%	20.00%
China Merchants Group (Note 2)	H Shares	1,320,643,830(L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.49%
CITIC Prudential Life Insurance Co., Ltd	A Shares	29,599,947 (L)	Beneficial holder	1.29%	0.55%
	H Shares	265,990,770 (L)	Beneficial holder	8.61%	4.93%

(L) Long position

Note 1: Shenzhen Capital Group has an interest in A Shares of the Company, being 525,000,000 A Shares (L), and holds an interest in H shares of the Company, being 1,078,634,297 H Shares (L) through its subsidiary Shenzhen Capital (Hong Kong), both of which are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: As at 31 December 2023, China Merchants Group Limited (招商局集團有限公司), through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), holds an interest in the H Shares of the Company, and all the 1,320,643,830 H Shares long position (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Save as disclosed above and so far as the directors are aware, as at 31 December 2023, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests and short positions in shares required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

## CHAPTER VIII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Information on Substantial Shareholders

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

Shenzhen Capital Group was incorporated in the PRC in June 2007 with a registered capital of RMB15.42 billion and Mr. Hu Guobin as its legal representative. Shenzhen Capital Group is the state-owned municipal capital operation company in Shenzhen and one of the five municipal enterprises in Shenzhen selected for the national “Double Hundred Action”. With the reform and development of Shenzhen state-owned enterprises, Shenzhen Capital Group has explored a business model with capital operation as its core, established four major business segments, namely merger and acquisition, equity investment, industrial fund and market capitalization management, formed an investment and acquisition service system covering the whole life cycle of enterprises and a post-investment service empowerment system focusing on “capital management”, and devoted itself to developing from a local state-owned capital operation platform in Shenzhen into a first-class market-oriented, professional and comprehensive state-owned capital operation integrated service provider in China. As at the end of the Reporting Period, Shenzhen Capital Group and its wholly-owned subsidiary, Shenzhen Capital (Hong Kong), held a total of 29.74% of the issued shares of the Company and was the largest shareholder of the Company.

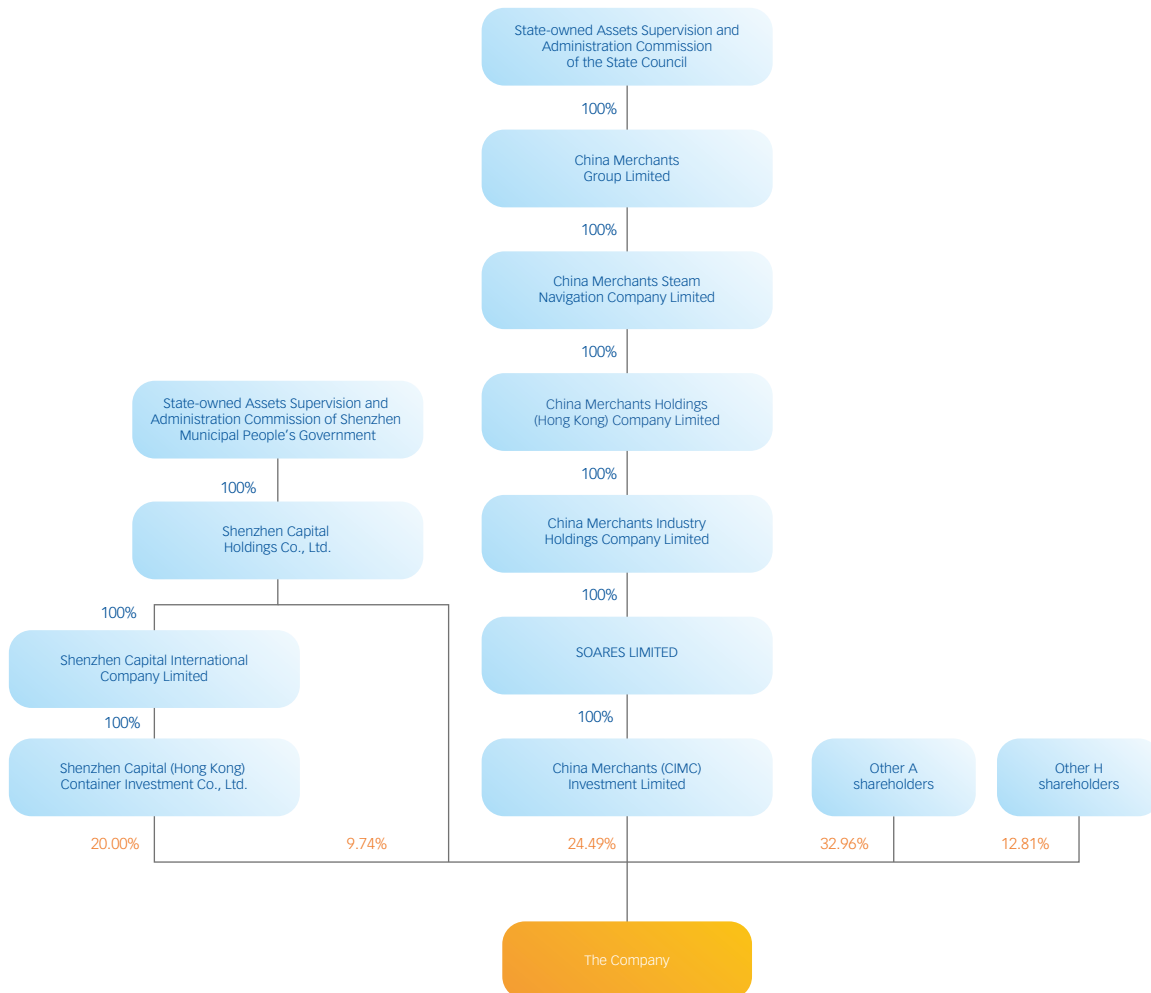
China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.9 billion and its chairman of the board of directors is Mr. Miao Jianmin. China Merchants Group’s main business focuses on transportation and logistics, comprehensive finance, comprehensive development of urban regions and industrial parks, as well as comprehensive health, testing and other new industries invested in recent years. As of the end of the Reporting Period, China Merchants Group through its subsidiary China Merchants (CIMC) Investment Limited held 24.49% of the issued shares of the Company and was the second largest shareholder of the Company.

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



## CHAPTER VIII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### VI. CHART OF SHAREHOLDING STRUCTURE BETWEEN THE COMPANY AND THE SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2023



### VII. SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date, based on the public information available to the Company and as far as the Board of the Company are aware, the Directors confirm that, the Company has satisfied the requirements for the minimum public float under the Hong Kong Listing Rules.

### VIII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

There were no preferred shares in the Company during the Reporting Period.

## CHAPTER IX

# BONDS

Applicable Not applicable

### I. CORPORATE BONDS

Applicable Not applicable

During the Reporting Period, there were no corporate bonds of the Company.

### II. CORPORATION BONDS

Applicable Not applicable

### III. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Applicable Not applicable

CHAPTER IX  
BONDS

## 1. BASIC INFORMATION OF NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT

Unit: RMB100 million

Name of Bonds	Abbreviation of Bonds	Code of Bonds	Date of issuance	Value date	Maturity date	Issuance amount	Interest rate	Method to repay principal and pay interest	Trading places
The 2024 First Tranche of Medium-term Notes (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	24 Hai Yun Ji Zhuang MTN001 (Technology Innovation Instrument)	102481100.IB	2024/03/20	2022/03/22	No fixed expiry date	20	2.78%	The interest of the Bonds is paid in installments annually if the Issuer does not exercise the right of deferred payment of interest. There is no definite principal repayment date for the bonds, and the issuer will repay the principal and all outstanding interest on the redemption date.	Shanghai Clearing House
The 2024 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	24 Hai Yun Ji Zhuang SCP001	012480809.IB	2024/3/8	2024/3/11	2024/6/19	20	2.09%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House
The 2023 Fifth Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP005	012384478.IB	2023/12/14	2023/12/15	2024/3/15	20	2.81%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House
The 2023 Fourth Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP004 (Technology Innovation Instrument)	012383059.IB	2023/8/15	2023/8/16	2023/11/15	15	2.06%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House
The 2023 Third Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP003 (Technology Innovation Instrument)	012382181.IB	2023/6/12	2023/6/13	2023/9/13	5	2.05%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House
The 2023 Second Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP002	012381972.IB	2023/5/25	2023/5/26	2023/8/30	15	2.15%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House

## CHAPTER IX BONDS

Name of Bonds	Abbreviation of Bonds	Code of Bonds	Date of issuance	Value date	Maturity date	Issuance amount	Interest rate	Method to repay principal and pay interest	Trading places
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	23 Hai Yun Ji Zhuang SCP001	012380276.IB	2023/01/16	2023/01/17	2023/06/16	5	2.21%	The principals and interest will be paid in a lump sum when they become due	Shanghai Clearing House
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	22 Hai Yun Ji Zhuang GN001 (Blue Bonds)	132280052.IB	2022/05/30	2022/06/01	2025/06/01	5	2.60%	The interest is paid annually and the principal is paid in a lump sum on the maturity date.	Shanghai Clearing House
The 2022 First Medium-term Notes of China International Marine Containers (Group) Co., Ltd.	22 Hai Yun Ji Zhuang MTN001	102280282.IB	2022/02/16	2022/02/18	No fixed expiry date	20	3.21%	The interest of the Bonds is paid in installments annually if the Issuer does not exercise the right of deferred payment of interest. There is no definite principal repayment date for the bonds, and the issuer will repay the principal and all outstanding interest on the redemption date.	Shanghai Clearing House
Arrangement to ensure the suitability of investors (if any)								Offered to the investors by means of the public issue	
Applicable trading mechanism								On-exchange transaction	
Risk of delisting (if any) and countermeasures								No	

### OVERDUE BONDS

Applicable  Not applicable

## 2. TRIGGERING AND ENFORCEMENT OF ISSUER OR INVESTOR OPTION ARTICLES AND INVESTOR PROTECTION PROVISIONS

Applicable  Not applicable

CHAPTER IX  
BONDS

## 3. INTERMEDIARY

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories	Contact of intermediaries	Tel of contact
The 2024 First Tranche of Medium-term Notes (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: China Merchants Bank Co., Ltd	China Merchants Bank Shenzhen Branch Building, 2016 Shennan Boulevard, Shenzhen	Not applicable	Luo Yingying, Gan Yawen	0755-88023712
	Joint lead underwriter: Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing		Li Xintong	010-66595024
	Joint lead underwriter: Agricultural Bank of China Limited	No. 69 Jianguomennei Avenue, Dongcheng District, Beijing		Fang Xinyu	010-85106335
	Joint lead underwriter: China Construction Bank Corporation	Building 1, Chang'an Xing Rong Centre, No. 1, Naoshikou Street, Xicheng District, Beijing		Zhou Peng, Xie Yujian	010-66275829
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
	Accountants: PricewaterhouseCoopers Zhong Tian LLP	6/F, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong New Area, Shanghai, the PRC		Cao Cuili, Guo Suhong	021-23238888
The 2024 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Ping An Bank Co., Ltd.	No. 5047 Shennan Road East, Luohu District, Shenzhen, PRC	Not applicable	Yue Xiuxin	0755-50979147
	Joint lead underwriter: Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing		Li Xintong	010-66595024
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
The 2023 Fifth Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Agricultural Bank of China Limited	No. 69 Jianguomennei Avenue, Dongcheng District, Beijing	Not applicable	Fang Xinyu	010-85106335
	Joint lead underwriter: The Export-Import Bank of China	No. 30 Fuxingmennei Avenue, Xicheng District, Beijing		Liu Chengcheng	010-83578650
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877

## CHAPTER IX BONDS

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories	Contact of intermediaries	Tel of contact
The 2023 Fourth Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: China Construction Bank Corporation	Building 1, Chang An Xing Rong Centre, No. 1, Naoshikou Street, Xicheng District, Beijing	Not applicable	Zhou Peng, Xie Yuqian	010-66275829
	Joint lead underwriter: Bank of China Limited	No. 1 Fuxingmennei Avenue, Xicheng District, Beijing		Zhang Shun	010-66595482
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
The 2023 Third Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Bank of Shanghai Co., Ltd.	27/F, Bank of Shanghai, No.168 Yincheng Zhong Road, Shanghai	Not applicable	Han Jiaqian	021-68476910
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
The 2023 Second Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: China Merchants Bank Co., Ltd	China Merchants Bank Shenzhen Branch Building, 2016 Shennan Boulevard, Shenzhen	Not applicable	Luo Yingying, Gan Yawen	0755-88023712
	Joint lead underwriter: Ping An Bank Co., Ltd.	No. 5047 Shennan Road East, Luohu District, Shenzhen, PRC		Yue Xiuxin	0755-50979147
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Bank of Shanghai Co., Ltd.	27/F, Bank of Shanghai, No.168 Yincheng Zhong Road, Shanghai	Not applicable	Han Jiaqian	021-68476910
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877

CHAPTER IX  
BONDS

Name of Bonds	Name of intermediaries	Business address	The Certified Public Accountants as the Signatories	Contact of intermediaries	Tel of contact
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: Agricultural Bank of China Limited	No. 69 Jianguomennei Avenue, Dongcheng District, Beijing	Not applicable	Tang Zhao	010-85108164
	Joint lead underwriter: Bank of China Limited	No. 1 Fuxingmennei Avenue, Beijing		Li Xintong	010-66595024
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
The 2022 First Medium-term Notes of China International Marine Containers (Group) Co., Ltd.	Lead underwriter: China Merchants Bank Co., Ltd	China Merchants Bank Shenzhen Branch Building, 2016 Shennan Boulevard, Shenzhen	Not applicable	Luo Yingying, Gan Yawen	0755-88023712
	Joint lead underwriter: China International Capital Corporation Limited	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing		Wu Shan, Yang Xi	010-65051166
	Lawyer: Grandall Law Firm (Shenzhen)	42/F, Shenzhen Special Zone Press Tower, 6008 Shennan Blvd, Shenzhen		Niu Lu	0755-83515666
	Credit rating agency: China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Lane, Chaoyangmennei Avenue, Dongcheng District, Beijing		Gao Jie	010-66428877
	Accountants: PricewaterhouseCoopers Zhong Tian LLP	6/F, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong New Area, Shanghai, the PRC		Cao Cuili, Guo Suhong	021-23238888

Whether the above-mentioned intermediaries changed or not during the Reporting Period

Yes  No

## CHAPTER IX BONDS

### 4. USE OF PROCEEDS

Unit: RMB thousand

Name of Bonds	Total proceeds	Utilized amounts	Unutilized amounts	Operation of special account for proceeds (if any)	Rectification of illegal utilization of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
The 2023 Fifth Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	2,000,000	2,000,000	0	Normal	Not applicable	Yes
The 2023 Fourth Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	1,500,000	1,500,000	0	Normal	Not applicable	Yes
The 2023 Third Tranche of Super & Short-term Commercial Papers (Technology Innovation Instrument) of China International Marine Containers (Group) Co., Ltd.	500,000	500,000	0	Normal	Not applicable	Yes
The 2023 Second Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	1,500,000	1,500,000	0	Normal	Not applicable	Yes
The 2023 First Tranche of Super & Short-term Commercial Papers of China International Marine Containers (Group) Co., Ltd.	500,000	500,000	0	Normal	Not applicable	Yes
The 2022 First Tranche of Green Medium-term Notes (Blue Bonds) of China International Marine Containers (Group) Co., Ltd.	500,000	500,000	0	Normal	Not applicable	Yes
The 2022 First Medium-term Notes of China International Marine Containers (Group) Co., Ltd.	2,000,000	2,000,000	0	Normal	Not applicable	Yes

Proceeds for construction projects

Applicable Not applicable

Change of abovementioned usage of proceeds from bond offering during the Reporting Period

Applicable Not applicable



CHAPTER IX  
BONDS**5. ADJUSTMENT OF CREDIT RATING RESULTS DURING THE REPORTING PERIOD**

Applicable Not applicable

**6. IMPLEMENTATION AND CHANGES IN THE STATUS OF GUARANTEES, DEBT PAYMENT SCHEDULE AND OTHER DEBT REPAYMENT SAFEGUARD MEASURES DURING THE REPORTING PERIOD AND THE IMPACT ON THE INTERESTS OF BOND INVESTORS**

Applicable Not applicable

**IV. CONVERTIBLE CORPORATE BONDS**

Applicable Not applicable

The Company did not have any convertible corporate bonds during the Reporting Period. For details of the 5-year zero-coupon convertible bonds issued by Enric, a subsidiary of the Group, please refer to Note IV.40 to “Chapter X Financial Statements and Auditing Report Prepared in Accordance with CASBE” in this Report.

**V. LOSS IN THE SCOPE OF THE CONSOLIDATED STATEMENTS DURING THE REPORTING PERIOD EXCEEDS 10% OF NET ASSETS AT THE END OF THE PREVIOUS YEAR**

Applicable Not applicable

**VI. OVERDUE OF INTEREST-BEARING DEBTS OTHER THAN BONDS AT THE END OF THE REPORTING PERIOD**

Applicable Not applicable

**VII. WHETHER THERE IS ANY VIOLATION OF RULES AND REGULATIONS DURING THE REPORTING PERIOD**

Yes No

CHAPTER IX  
BONDS

**VIII. MAJOR ACCOUNTING DATA AND FINANCIAL INDEXES OF THE COMPANY FOR THE RECENT TWO YEARS AS AT THE END OF THE REPORTING PERIOD**

Items	As of the end of the Reporting Period	As of the end of last year	Percentage of change
Current ratio	1.12	1.22	(8.20%)
Gearing ratio	60%	57%	3.00%
Quick ratio	0.77	0.84	(8.33%)

	During the Reporting Period	During the same period of last year	Percentage of change
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss (RMB thousand)	665,302	4,283,631	(84.47%)
Debt-to-EBITDA ratio	0.21	0.43	(51.16%)
Interest coverage ratio	2.36	6.10	(61.31%)
Cash interest coverage ratio	4.70	17.20	(72.67%)
EBITDA interest coverage ratio	4.13	8.69	(52.47%)
Loan repayment ratio	100%	100%	0.00%
Interest repayment ratio	100%	100%	0.00%

## CHAPTER X FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE



普华永道

PwC ZT Shen Zi (2024) No. 10036  
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To the Shareholders of China International Marine Containers (Group) Co., Ltd.,

### OPINION

#### What we have audited

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. (hereinafter "**CIMC**", "**the Group**"), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

#### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CIMC as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("**CASS**").

#### BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of CIMC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("**CICPA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

## CHAPTER X FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

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### KEY AUDIT MATTERS

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

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

1. Impairment of relevant assets in the offshore engineering asset group
2. Impairment of account receivables
3. Impairment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group</b></p> <p>Refer to Note II.11 – Accounting policy of inventories, Note II.20 – Accounting policy of impairment of long-term assets, Note II.29 – Held for sale and discontinued operations, Note II.32(2)(b)&amp;(c) – Critical accounting estimates and key judgements on impairment of long-term assets and provision for decline in the value of inventories, Note IV.9 – Inventories, Note IV.11 – Assets held for sale, Note IV.18 – Fixed assets and Note IV.19 – Construction in progress to the financial statements.</p> <p>As at 31 December 2023, the carrying amount of offshore engineering project in inventories amounted to RMB673,981,000, the carrying amount of offshore engineering equipment in fixed assets amounted to RMB18,793,032,000, the carrying amount of offshore engineering equipment in construction in progress amounted to RMB2,627,044,000 and the carrying amount of offshore engineering equipment in assets held for sale amounted to RMB402,175,000.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of internal controls regarding impairment assessment of relevant assets in offshore engineering asset group, including the adoption of key assumptions and the review and approval of impairment provision. And by considering the degree of uncertainty in impairment estimation and the level of other inherent risk factors, we assessed the inherent risk of material misstatement.</li> <li>– We evaluated the competency, professionalism and objectivity of the independent external valuer.</li> </ul>

CHAPTER X

FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

PwC ZT Shen Zi (2024) No. 10036  
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## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group (Continued)</b></p> <p>Based on the comparison between the net realisable value and the carrying amount of the inventory, the management did not recognise impairment loss for the offshore engineering projects of the inventory during the year ended 31 December 2023. The management has engaged an independent external valuer to perform the valuation on the recoverable amount of offshore engineering equipment, which shows an indication of impairment. The recoverable amount was recognised based on the estimate of the present value of cash flows. There was no impairment loss that have been previously accrued towards offshore engineering equipment in fixed assets and in construction in progress during the year ended 31 December 2023.</p> <p>Based on the irrevocable transfer agreement, the management recognised an impairment loss of RMB16,365,000 towards offshore engineering equipment in assets held for sale during the year ended 31 December 2023 in the consolidated income statement.</p>	<p>– We performed the following procedures on net realisable value of inventories:</p> <p>(1) We compared the estimated selling price used by the management with the market transaction price of the same type of inventories to evaluate the similarity of the market-traded inventories and the existing inventories, the authenticity and comparability of the public transaction price, and the rationality of the selling price by the management.</p> <p>(2) We evaluated the rationality of estimated costs of completion, the estimated costs necessary to make the sale and related taxes by comparing the management’s estimation against the historical data; and we also checked the accuracy of the calculation.</p> <p>– We obtained the impairment test worksheets provided by the management with the assistance of the independent external valuer and performed the following procedures on testing the recoverable amount of fixed assets and construction in progress:</p> <p>(1) We tested the mathematical accuracy of the calculations.</p>

## CHAPTER X FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

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### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group (Continued)</b></p> <p>Net realisable value of inventories was reviewed by the management at the balance sheet date, and as a result, provision for impairment of inventory was recognised for the excess of inventories' carrying amounts over their net realisable value. Net realisable value was the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.</p> <p>Determination of estimated selling price, estimated costs of completion, estimated costs necessary to make the sale and related taxes requires management's significant judgements, and consideration of historical conditions and future market trends.</p> <p>At the balance sheet date, the management assessed whether there was any indication that the fixed assets and construction in progress were impaired and further impairment test would be performed on those with impairment indicator. If the result of the impairment test indicates that the recoverable amount of the fixed asset or construction in progress is less than its carrying amount, the difference shall be accounted for as impairment provision and included in the impairment loss. The recoverable amount is the higher of the asset's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset.</p>	<p>(2) We evaluated the rationality of valuation model used in the management testing by involving our internal valuation experts.</p> <p>(3) We compared the management's cash flow forecast related to assets of 2023 in 2022 impairment test worksheet against the actual performance in 2023 to check whether there was management bias in the impairment assessment process.</p> <p>(4) We assessed the rationality of the management's prediction on the rentals, utilisation rates and future cost based on the rentals, market demands, utilisation rates, maintenance cost, and the peak and lowest levels of historical rental of platforms in the current open market and of the Group's similar platforms.</p> <p>(5) We checked the construction contracts to assess the rationality of future capital cost for construction in progress.</p> <p>(6) We evaluated the rationality of discount rates by involving our internal valuation experts.</p> <p>(7) We reviewed sensitivity analysis of key assumptions and evaluated potential impacts on test results.</p>

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## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Impairment of relevant assets in the offshore engineering asset group (Continued)</b></p> <p>The management conducted impairment tests on the fixed assets and construction in progress using the present value of the future cash flows. The key assumptions used by the management for impairment test include future rentals, utilisation rates, future cost and discount rates.</p> <p>When the management remeasures non-current assets held for sale at the balance sheet date, the carrying amount is reduced to the fair value less the selling expenses where the carrying amount is higher than the fair value less the selling expenses, and the amount of the reduce is recognised as the asset impairment losses, while provision for impairment of the assets held for sale was made.</p> <p>We focused on this area due to the fact that key assumptions and significant judgements were involved in impairment identification and assessment process of relevant assets in offshore engineering asset group.</p>	<p>– For the recoverable amount of assets held for sale, we obtained an irrevocable transfer agreement signed by the management to evaluate the rationality of the management’s classification of assets as held for sale; and assessed the accuracy of the provision for impairment by comparing the selling price less the disposal price in the agreement with the carrying amount of the assets.</p> <p>Based on our work performed, we found that the management’s key assumptions on impairment test of relevant assets in the offshore engineering asset group were supported by the evidence we gathered.</p>

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### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Impairment of account receivables</b></p> <p>Refer to Note II.10 – Accounting policy of financial instruments, Note II.32(1)(a) – Critical judgements in applying the accounting policies, Note II.32(2)(a) – Critical accounting estimates and key assumptions related to measurement of expected credit losses (“ECL”), Note IV.5 – Account receivables, Note IV.62 – Credit impairment losses.</p> <p>As at 31 December 2023, the carrying amount of account receivables of the Group in the consolidated balance sheet amounted to RMB22,949,473,000. In 2023, the Group recognised loss on bad debts of RMB188,386,000 towards account receivables in the consolidated income statement.</p> <p>The management provides provision for bad debts based on the lifetime ECL of account receivables. For account receivables that are subject to individual assessment, a separate impairment test is performed to recognise the expected credit losses. When information on expected credit losses cannot be assessed at a reasonable cost for an individual financial asset, the management classifies account receivables into portfolios based on credit risk characteristics and calculates the expected credit losses on a portfolio basis. For account receivables classified into portfolios, in determining the ECL, the management calculates the ECL by referring to historical credit losses experience and taking into account current conditions and forward-looking factors.</p> <p>We focused on this area due to the significant balance of account receivables and the fact that key assumptions and significant judgements were involved in measuring ECL of account receivables.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of internal controls over the assessment of the ECL of account receivables, including the management’s grouping on account receivables based on shared credit risk characteristics, the review and approval of key assumptions adoption. And we assessed the inherent risk of material misstatement by considering the degree of uncertainty in the ECL estimates and the level of other inherent risk factors.</li> <li>– We obtained the management’s working papers for the estimation of expected credit losses on account receivables and tested the accuracy of the calculations.</li> <li>– We understood the management’s criteria for the classification of account receivables assessed individually and collectively of expected credit losses, and evaluated the rationality based on the credit risk characteristics.</li> <li>– For account receivables individually assessed for expected credit losses, we understood and evaluated the judgements of the management on the debtor’s financial conditions, repayment intention, and subsequent repayment to assess the adequacy of provision for credit losses.</li> <li>– For account receivables collectively assessed for expected credit losses by credit risk characteristics, we tested the accuracy of ageing by sampling sales records, receipt records, and contractual credit terms. We also recalculated the historical credit loss rates, and with the assistance of internal experts, analysed the rationality of the expected credit losses calculation based on current conditions and forward-looking factors.</li> </ul>
	<p>Based on our work performed, we found that the management’s key assumptions on impairment provision of account receivables were supported by the evidence we gathered.</p>



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## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment of goodwill</b></p> <p>Refer to Note II.20 – Accounting policy of impairment of long-term assets, Note II.32(2)(b) – Critical accounting estimates and key judgements on impairment of long-term assets and Note IV.22 – Goodwill to the financial statements.</p> <p>As at 31 December 2023, the carrying amount of goodwill of the Group in the consolidated balance sheet amounted to RMB2,653,893,000. As at 31 December 2023, the accumulated provision for impairment of goodwill was RMB544,736,000. In 2023, the Group recognised impairment loss of RMB73,757,000 towards goodwill in the consolidated income statement.</p> <p>At the balance sheet date, the management performed the goodwill impairment evaluation, and the recoverable amount was determined by the higher of the asset’s fair value less costs of disposal and the present value of the future cash flows expected to be derived from the goodwill allocated to asset groups. The recoverable amount of the asset groups was determined by the management using valuation methodologies such as discounted cash flow analysis and market-based method. The key assumptions applied in preparing the estimated future cash flows include revenue growth rates, gross margins, expense rates and discount rates.</p> <p>We focused on this area due to the fact that significant and complex judgements were involved in key assumptions of assessing the goodwill impairment.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of the internal controls regarding goodwill impairment test, including the adoption of key assumptions and the review and approval of impairment provision. And by considering the degree of uncertainty in impairment estimation and the level of other inherent risk factors, we assessed the inherent risk of material misstatement.</li> <li>– We obtained, on a sample basis, the management’s worksheets of impairment of goodwill, evaluated the rationality of methods and models used in goodwill impairment test by the management and calculated its accuracy.</li> <li>– We assessed whether the goodwill was allocated to the relevant asset groups or combination of asset groups in a reasonable way.</li> <li>– We compared the management’s forecast of 2023 in 2022 goodwill impairment worksheet against the actual performance in 2023 to check whether there was management bias in the goodwill impairment assessment process.</li> </ul>

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### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> <li>– We analysed the rationality of the management’s assumptions of future revenue growth rates, gross margins and expense rates by considering the historical operations of the relevant asset groups, the industry trends, emerging market opportunities and cost and expense savings due to economies of scale.</li> <li>– We evaluated the rationality of discount rates by involving our internal valuation experts.</li> <li>– We assessed the rationality of the estimated fair value and costs of disposal by the management.</li> <li>– We reviewed the sensitivity analysis of key assumptions made by the management and evaluated its potential impacts on test results.</li> </ul> <p>Based on our work performed, we found that the management’s key assumptions in goodwill impairment test were supported by the evidence we gathered.</p>

### OTHER INFORMATION

The management of CIMC is responsible for the other information. The other information comprises all of the information included in 2023 annual report of CIMC other than the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### RESPONSIBILITIES OF THE MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

The management of CIMC is responsible for the preparation and fair presentation of these financial statements in accordance with the CASS, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the management is responsible for assessing CIMC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate CIMC or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CIMC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIMC to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of CIMC audit. We remain solely responsible for our audit opinion.

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

We also provide audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards if applicable.

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## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

From the matters communicated with audit committee, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

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Cai Zhifeng  
(Engagement Partner)

Shanghai, the People's Republic of China  
27 March 2024

Signing CPA

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Chen Yun

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## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	IV.1	21,324,451	17,111,587
Financial assets held for trading	IV.2	337,756	1,060,953
Derivative financial assets	IV.3	301,355	160,660
Notes receivables	IV.4	732,199	639,162
Account receivables	IV.5	22,949,473	22,286,602
Receivables financing	IV.6	1,062,258	628,967
Other receivables	IV.7	4,569,110	3,252,724
Including: Interest receivable	IV.7	4,787	19,219
Dividends receivable	IV.7	382,747	312,302
Advances to suppliers	IV.8	8,483,630	6,023,481
Inventories	IV.9	19,200,102	18,331,548
Contract assets	IV.10	7,198,173	3,927,838
Assets held for sale	IV.11	402,175	2,166,440
Current portion of non-current assets	IV.12	77,490	88,906
Other current assets	IV.13	1,801,804	1,305,318
<b>Total current assets</b>		<b>88,439,976</b>	<b>76,984,186</b>
<b>Non-current assets:</b>			
Other equity investments	IV.14	2,168,803	2,699,048
Other non-current financial assets	IV.15	454,324	126,060
Long-term receivables		53,525	35,377
Long-term equity investments	IV.16	11,996,856	10,531,627
Investment properties	IV.17	1,369,993	1,453,007
Fixed assets	IV.18	40,354,816	39,202,494
Construction in progress	IV.19	4,483,906	4,740,879
Intangible assets	IV.20	5,873,962	4,331,430
Development expenditures	IV.20	18,210	35,779
Right-of-use assets	IV.21	1,090,950	874,640
Goodwill	IV.22	2,653,893	2,516,875
Long-term prepaid expenses	IV.23	866,306	913,177
Deferred tax assets	IV.24	1,514,656	1,106,771
Other non-current assets	IV.25	423,057	348,599
<b>Total non-current assets</b>		<b>73,323,257</b>	<b>68,915,763</b>
<b>TOTAL ASSETS</b>		<b>161,763,233</b>	<b>145,899,949</b>

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# CONSOLIDATED BALANCE SHEET (Continued)

	Note	31 December 2023	31 December 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	IV.28	12,400,861	4,370,714
Derivative financial liabilities	IV.3	1,696,118	1,318,327
Financial liabilities held for trading		76,020	35,685
Notes payables	IV.29	4,681,963	3,129,916
Account payables	IV.30	20,181,009	16,562,146
Advances from customers	IV.31	11,099	24,465
Contract liabilities	IV.32	13,053,025	12,191,280
Employee benefits payable	IV.33	5,314,927	5,332,059
Liabilities classified as held for sale		–	1,984,154
Taxes payable	IV.34	1,170,035	4,903,749
Other payables	IV.35	6,380,675	7,016,863
Including: Interest payable	IV.35	–	8,512
Dividends payable	IV.35	44,585	58,004
Provisions	IV.36	1,315,445	1,387,532
Current portion of non-current liabilities	IV.37	9,675,619	4,191,030
Other current liabilities	IV.38	3,028,367	550,234
<b>Total current liabilities</b>		<b>78,985,163</b>	62,998,154
<b>Non-current liabilities:</b>			
Long-term borrowings	IV.39	13,523,455	16,213,919
Debentures payable	IV.40	1,960,454	1,896,227
Lease liabilities	IV.41	820,638	732,885
Long-term payables		188,987	85,634
Deferred income	IV.42	1,032,077	996,373
Deferred tax liabilities	IV.24	567,155	290,953
Other non-current liabilities	IV.43	54,954	29,720
<b>Total non-current liabilities</b>		<b>18,147,720</b>	20,245,711
<b>Total liabilities</b>		<b>97,132,883</b>	83,243,865
<b>Shareholders' equity:</b>			
Share capital	IV.44	5,392,521	5,392,521
Other equity instruments	IV.45	2,049,774	2,049,774
Including: Perpetual bonds		2,049,774	2,049,774
Capital reserve	IV.46	4,548,686	4,207,798
Other comprehensive income	IV.47	559,892	1,065,540
Special reserve		18,896	–
Surplus reserve	IV.48	4,486,351	4,300,255
Retained earnings	IV.49	30,801,685	31,597,541
Total equity attributable to shareholders and other equity holders of the Company		47,857,805	48,613,429
Non-controlling interests		16,772,545	14,042,655
<b>Total shareholders' equity</b>		<b>64,630,350</b>	62,656,084
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>161,763,233</b>	145,899,949

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

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## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## COMPANY BALANCE SHEET

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	XIX.1	2,829,658	562,612
Derivative financial assets	XIX.2	1,042	483
Account receivables		21,145	12,370
Other receivables	XIX.3	28,830,327	25,114,528
Including: Interest receivable	XIX.3	70,295	69,762
Dividends receivable	XIX.3	3,944,715	3,889,145
Other current assets		1,088	–
<b>Total current assets</b>		<b>31,683,260</b>	<b>25,689,993</b>
<b>Non-current assets:</b>			
Other equity investments	XIX.4	1,701,061	2,169,707
Long-term equity investments	XIX.5	16,638,397	13,570,205
Investment properties		126,181	126,181
Fixed assets	XIX.6	104,048	113,535
Construction in progress		15,559	15,321
Intangible assets	XIX.7	1,530,588	171,185
Long-term prepaid expenses		7,369	973
<b>Total non-current assets</b>		<b>20,123,203</b>	<b>16,167,107</b>
<b>TOTAL ASSETS</b>		<b>51,806,463</b>	<b>41,857,100</b>



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## COMPANY BALANCE SHEET (Continued)

	Note	31 December 2023	31 December 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	XIX.9	2,201,801	–
Derivative financial liabilities	XIX.2	5,276	518
Employee benefits payable		367,720	380,598
Taxes payable	XIX.10	9,911	5,221
Other payables	XIX.11	8,439,068	8,494,781
Including: Interest payable		–	–
Dividends payable		–	–
Current portion of non-current liabilities	XIX.12	1,442,074	1,677,186
Other current liabilities	XIX.8	2,003,738	–
<b>Total current liabilities</b>		<b>14,469,588</b>	10,558,304
<b>Non-current liabilities:</b>			
Long-term borrowings	XIX.13	7,962,868	2,733,000
Debentures payable	XIX.14	507,583	507,583
Deferred income		1,632	3,497
<b>Total non-current liabilities</b>		<b>8,472,083</b>	3,244,080
<b>Total liabilities</b>		<b>22,941,671</b>	13,802,384
<b>Shareholders' equity:</b>			
Share capital	IV.44	5,392,521	5,392,521
Other equity instruments	IV.45	2,049,774	2,049,774
Including: Perpetual bonds		2,049,774	2,049,774
Capital reserve	XIX.16	1,015,449	1,015,449
Other comprehensive income	XIX.17	238,928	639,000
Surplus reserve	IV.48	4,486,351	4,300,255
Retained earnings	XIX.18	15,681,769	14,657,717
<b>Total shareholders' equity</b>		<b>28,864,792</b>	28,054,716
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>51,806,463</b>	41,857,100

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

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(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

# CONSOLIDATED INCOME STATEMENT

Item	Note	2023	2022
<b>I. Revenue</b>	IV.50	<b>127,809,519</b>	141,536,654
Less: Cost of sales	IV.50	<b>110,211,891</b>	119,911,750
Taxes and surcharges	IV.51	<b>541,291</b>	550,968
Selling and distribution expenses	IV.52	<b>2,760,996</b>	2,452,009
General and administrative expenses	IV.53	<b>6,505,214</b>	7,012,067
Research and development expenses	IV.54	<b>2,429,152</b>	2,463,228
Financial expenses/(income)	IV.55	<b>1,506,757</b>	(23,518)
Including: Interest expenses		<b>1,942,932</b>	1,335,402
Interest income		<b>326,994</b>	322,352
Asset impairment losses	IV.61	<b>526,314</b>	458,625
Credit impairment losses	IV.62	<b>144,609</b>	318,328
Add: Other income	IV.60	<b>570,673</b>	540,871
Investment losses	IV.58	<b>(334,453)</b>	(595,269)
Including: Share of profits of associates and joint ventures		<b>198,771</b>	152,738
Losses on changes in fair value	IV.57	<b>(611,385)</b>	(1,076,836)
Gains on disposals of assets	IV.59	<b>23,782</b>	243,245
<b>II. Operating profit</b>		<b>2,831,912</b>	7,505,208
Add: Non-operating income	IV.63	<b>125,372</b>	147,084
Less: Non-operating expenses	IV.64	<b>123,110</b>	714,441
<b>III. Total profit</b>		<b>2,834,174</b>	6,937,851
Less: Income tax expenses	IV.65	<b>970,800</b>	2,336,709
<b>IV. Net profit</b>		<b>1,863,374</b>	4,601,142
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>1,853,254</b>	4,869,031
Net profit/(loss) from discontinued operations		<b>10,120</b>	(267,889)
<b>Classified by ownership</b>			
Attributable to shareholders and other equity holders of the Company		<b>421,249</b>	3,219,226
Non-controlling interests		<b>1,442,125</b>	1,381,916

CHAPTER X

FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

# CONSOLIDATED INCOME STATEMENT (Continued)

Item	Note	2023	2022
<b>V. Other comprehensive income, net of tax</b>		<b>(349,031)</b>	262,044
Attributable to shareholders and other equity holders of the Company	IV.47	<b>(505,648)</b>	280,650
Items that will not be reclassified to profit or loss		<b>(466,336)</b>	270,401
Changes in fair value of other equity investments		<b>(466,336)</b>	270,401
Items that may be reclassified subsequently to profit or loss		<b>(39,312)</b>	10,249
Excess of fair value over carrying amount of investment properties at the date of transfer		-	10,817
Other comprehensive income that can be reclassified into profit or loss under equity method		<b>28,191</b>	207,436
Transfer of other comprehensive income upon disposal of investment properties	IV.17	<b>(8,343)</b>	-
Translation difference of foreign currency statements		<b>(59,160)</b>	(208,004)
Non-controlling interests		<b>156,617</b>	(18,606)
<b>VI. Total comprehensive income</b>		<b>1,514,343</b>	4,863,186
Attributable to shareholders and other equity holders of the Company		<b>(84,399)</b>	3,499,876
Non-controlling interests		<b>1,598,742</b>	1,363,310
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB)	IV.66	<b>0.07</b>	0.59
Diluted earnings per share (RMB)	IV.66	<b>0.05</b>	0.57

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

## CHAPTER X

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## COMPANY INCOME STATEMENT

Item	Note	2023	2022
<b>I. Revenue</b>	XIX.19	<b>172,650</b>	275,951
Less: Cost of sales	XIX.19	–	–
Taxes and surcharges		<b>7,446</b>	7,495
General and administrative expenses	XIX.21	<b>417,383</b>	490,915
Research and development expenses	XIX.21	<b>2,938</b>	5,043
Financial expenses/(income)	XIX.20	<b>383,978</b>	(126,385)
Including: Interest expenses		<b>525,812</b>	537,425
Interest income		<b>30,986</b>	86,114
Asset impairment losses		<b>207,616</b>	60,000
Credit impairment losses		–	709,568
Add: Other income		<b>3,824</b>	1,281
Investment income	XIX.22	<b>3,142,009</b>	8,003,096
Losses on changes in fair value		<b>(4,199)</b>	(59,306)
Losses on disposals of assets		<b>(1,396)</b>	(46)
<b>II. Operating profit</b>		<b>2,293,527</b>	7,074,340
Add: Non-operating income		<b>16,186</b>	4,646
Less: Non-operating expenses		<b>15,000</b>	14,885
<b>III. Total profit</b>		<b>2,294,713</b>	7,064,101
Less: Income tax expenses	XIX.23	<b>53,556</b>	(62,473)
<b>IV. Net profit</b>		<b>2,241,157</b>	7,126,574
<b>Classified by business continuity</b>			
Net profit from continuing operations		<b>2,241,157</b>	7,126,574
Net profit from discontinued operations		–	–
<b>V. Other comprehensive income, net of tax</b>	XIX.17	<b>(400,072)</b>	223,174
Items that will not be reclassified to profit or loss		<b>(415,090)</b>	187,419
Changes in fair value of other equity investments		<b>(415,090)</b>	187,419
Items that may be reclassified subsequently to profit or loss		<b>15,018</b>	35,755
Other comprehensive income that can be reclassified into profit or loss under equity method		<b>15,018</b>	35,755
<b>VI. Total comprehensive income</b>		<b>1,841,085</b>	7,349,748

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

Legal representative:

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accounting function:

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department:

CHAPTER X

FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## CONSOLIDATED CASH FLOW STATEMENT

Item	Note	2023	2022
<b>I. Cash flows from operating activities</b>			
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	IV.67(1)	986,662	898,263
<b>Sub-total of cash inflows</b>		<b>124,324,633</b>	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	IV.67(2)	4,667,210	3,890,457
<b>Sub-total of cash outflows</b>		<b>121,621,447</b>	134,753,957
<b>Net cash flows from operating activities</b>	IV.68(1)	<b>2,703,186</b>	14,617,466
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments	IV.67(3)	7,238,012	7,631,158
Cash received from returns on investments		684,417	409,332
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		409,554	580,506
<b>Sub-total of cash inflows</b>		<b>8,331,983</b>	8,620,996
Net cash outflows from disposals of subsidiaries	IV.68(3)	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	IV.67(4)	9,047,080	10,401,047
Net cash paid to acquire subsidiaries	IV.68(2)	182,265	62,591
Cash paid relating to other investing activities	IV.67(5)	1,678,997	599,250
<b>Sub-total of cash outflows</b>		<b>16,506,534</b>	14,878,573
<b>Net cash outflows from investing activities</b>		<b>(8,174,551)</b>	(6,257,577)

## CHAPTER X

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

# CONSOLIDATED CASH FLOW STATEMENT (Continued)

Item	Note	2023	2022
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		2,203,015	3,004,057
Including: Cash received from capital contributions by non-controlling interests of subsidiaries		2,203,015	3,004,057
Cash received from borrowings	IV.68(4)	33,709,728	10,072,787
Cash received from issuing bonds	IV.68(4)	6,000,000	2,494,339
Cash received relating to other financing activities	IV.68(4)	40,349	–
<b>Sub-total of cash inflows</b>		<b>41,953,092</b>	15,571,183
Cash repayments of borrowings		27,499,601	19,948,267
Cash payments for distribution of dividends, profits or interest expenses		3,900,146	4,479,671
Including: Cash payments for dividends or profits to non-controlling interests of subsidiaries		910,500	871,969
Cash payments relating to other financing activities	IV.67(6)	848,333	906,602
<b>Sub-total of cash outflows</b>		<b>32,248,080</b>	25,334,540
<b>Net cash flows from/(used in) financing activities</b>		<b>9,705,012</b>	(9,763,357)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>204,869</b>	785,780
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	IV.68(1)	<b>4,438,516</b>	(617,688)
Add: Cash and cash equivalents at the beginning of the year		15,912,300	16,529,988
<b>VI. Cash and cash equivalents at the end of the year</b>	IV.68(5)	<b>20,350,816</b>	15,912,300

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

Legal representative:

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department:

## CHAPTER X

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

# COMPANY CASH FLOW STATEMENT

Item	Note	2023	2022
<b>I. Cash flows from operating activities</b>			
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
<b>Sub-total of cash inflows</b>		<b>237,615</b>	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
<b>Sub-total of cash outflows</b>		<b>450,613</b>	460,461
<b>Net cash flows used in operating activities</b>	XIX.24	<b>(212,998)</b>	(43,025)
<b>II. Cash flows from investing activities</b>			
Cash received from disposals of investments		17,005,108	19,205,370
Cash received from returns on investments		3,352,214	7,257,544
Net cash received from disposals of fixed assets		136	115
Net cash received from disposals of subsidiaries		-	645,967
<b>Sub-total of cash inflows</b>		<b>20,357,458</b>	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
<b>Sub-total of cash outflows</b>		<b>24,911,837</b>	22,729,896
<b>Net cash flows (used in)/from investing activities</b>		<b>(4,554,379)</b>	4,379,100
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		16,198,628	3,865,000
Cash received from issuing bonds		6,000,000	2,494,339
Cash received from other financing activities		6,100,000	3,150,000
<b>Sub-total of cash inflows</b>		<b>28,298,628</b>	9,509,339
Cash repayments of borrowings		13,007,520	12,926,000
Cash payments for distribution of dividends, profits or interest expenses		1,547,397	3,112,087
Cash paid relating to other financing activities		6,705,510	329,597
<b>Sub-total of cash outflows</b>		<b>21,260,427</b>	16,367,684
<b>Net cash flows from/(used in) financing activities</b>		<b>7,038,201</b>	(6,858,345)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>160</b>	782
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	XIX.24	<b>2,270,984</b>	(2,521,488)
Add: Cash and cash equivalents at the beginning of the year		550,709	3,072,197
<b>VI. Cash and cash equivalents at the end of the year</b>	XIX.24	<b>2,821,693</b>	550,709

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:

## CHAPTER X FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

AS AT 31 DECEMBER 2023  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	2023										2022															
	Attributable to shareholders and other equity holders of the Company					Attributable to shareholders and other equity holders of the Company					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 reserve	Other comprehensive income	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Total shareholders' equity						
<b>I. Balance at 31 December 2022</b>	5,392,521	2,049,774	4,207,798	1,065,540	14,042,655	5,392,521	2,049,774	4,207,798	1,065,540	14,042,655	3,556,014	-	5,524,086	784,890	3,873,597	3,556,014	-	5,524,086	784,890	3,873,597	11,861,457	-	3,162,056	11,861,457	56,980,090	
Charges in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>II. Balance at 1 January 2023</b>	5,392,521	2,049,774	4,207,798	1,065,540	14,042,655	5,392,521	2,049,774	4,207,798	1,065,540	14,042,655	3,556,014	-	5,524,086	784,890	3,873,597	3,556,014	-	5,524,086	784,890	3,873,597	11,861,457	-	3,162,056	11,861,457	56,980,090	
<b>III. Movements for the year</b>																										
(i) <b>Total comprehensive income</b>	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	4,601,142
1. Net profit	-	-	-	-	1,442,125	-	-	-	-	1,442,125	-	-	-	-	1,442,125	-	-	-	-	1,442,125	-	-	-	-	-	1,442,125
2. Other comprehensive income	-	64,200	-	(505,648)	541,249	-	64,200	-	(505,648)	541,249	-	64,200	-	(505,648)	541,249	-	64,200	-	(505,648)	541,249	-	64,200	-	(505,648)	541,249	262,014
<b>Subtotal of comprehensive income</b>	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	-	64,200	-	(505,648)	1,983,374	4,863,186
(ii) <b>Capital contribution and withdrawal by shareholders</b>																										
1. Contributions by non-controlling interests	-	-	886,077	-	1,275,006	-	-	-	-	1,275,006	-	-	727,796	-	-	-	-	727,796	-	-	-	-	-	-	-	2,600,917
2. Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,079
3. Increase in non-controlling interests resulted from acquisition of subsidiary	-	-	(624,731)	-	292,872	-	-	-	-	(331,859)	-	-	(402,748)	-	-	-	-	(402,748)	-	-	-	-	-	-	-	(64,377)
4. Disposals of subsidiaries (loss of control)	-	-	-	-	399,006	-	-	-	-	399,006	-	-	(175)	-	-	-	-	(175)	-	-	-	-	-	-	-	(338,487)
5. Disposals of subsidiaries without losing control	-	-	-	-	-	-	-	-	-	-	-	-	70,354	-	-	-	-	70,354	-	-	-	-	-	-	-	352,698
6. Increase in capital reserve resulted from share option exercised by subsidiary	-	-	21,583	-	10,249	-	-	-	-	31,952	-	-	3,665	-	-	-	-	3,665	-	-	-	-	-	-	-	5,363
7. Increase in shareholders' equity resulted from share-based payments	-	-	57,483	-	31,202	-	-	-	-	88,685	-	-	88,907	-	-	-	-	88,907	-	-	-	-	-	-	-	137,565
8. Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	1,994,339	-	-	-	-	1,994,339	-	-	-	-	-	-	-	1,994,339
9. Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	-	-	(1,797,507)	-	-	-	-	(1,797,507)	-	-	-	-	-	-	-	-	-
10. Others	-	-	(9,554)	-	-	-	-	-	-	(9,554)	-	-	(4,190)	-	-	-	(4,190)	-	-	-	-	-	-	-	-	(4,190)
(iii) <b>Profit distribution</b>																										
1. Appropriation to surplus reserve	-	-	-	-	(186,096)	-	-	-	-	(186,096)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	(966,809)	-	-	-	-	(966,809)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,400,028)
3. Interest paid on other equity instruments	-	(64,200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(63,971)
(iv) <b>Safety fund</b>	-	-	-	-	18,896	-	-	-	-	18,896	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Balance at 31 December 2023</b>	5,392,521	2,049,774	4,548,686	559,892	16,773,545	5,392,521	2,049,774	4,207,798	1,065,540	16,773,545	5,392,521	2,049,774	4,207,798	1,065,540	4,300,255	5,392,521	2,049,774	4,207,798	1,065,540	4,300,255	14,042,655	-	3,157,541	14,042,655	62,656,084	

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

Legal representative:

Person in charge of  
accounting function:

The head of the accounting  
department:



# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASB

### CHAPTER X

AS AT 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

Item	2023							2022							
	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
<b>I. Balance at 31 December 2022</b>		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
Changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at 1 January 2023</b>		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
<b>III. Movements for the year</b>															
(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	XX.17	-	-	-	(400,072)	-	-	(400,072)	-	-	-	223,174	-	-	223,174
<b>Sub-total of 1&amp;2</b>		-	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 shareholders															
1. Issuance of other equity instruments	IV.45	-	-	-	-	-	-	-	-	1,994,339	-	-	-	-	1,994,339
2. Increase in capital from capital reserve		-	-	-	-	-	-	-	-	(1,797,507)	-	-	-	-	-
(iii) Profit distribution															
1. Appropriation to surplus reserve	IV.48	-	-	-	-	186,096	(186,096)	-	-	-	-	-	712,658	(712,658)	-
2. Profit distribution to shareholders	IV.49	-	-	-	-	-	(966,809)	(966,809)	-	-	-	-	-	(2,480,628)	(2,480,628)
3. Interest paid on other equity instruments	IV.45	-	(64,200)	-	-	-	-	(64,200)	-	-	-	-	-	-	-
(iv) Others															
1. Retrospective adjustments on equity method of charging subsidiaries as associates		-	-	-	-	-	-	-	-	-	32,655	639,000	-	497,187	529,842
<b>IV. Balance at 31 December 2023</b>		5,392,521	2,049,774	1,015,449	238,928	4,486,351	15,881,769	28,864,792	5,392,521	2,049,774	1,015,449	639,000	4,300,255	14,657,717	28,054,716

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

Legal representative: Person in charge of accounting function:

The head of the accounting department:

## CHAPTER X

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2023  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the “**Company**”), formerly “China International Marine Containers Co., Ltd.”, was a sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by “Shen Fu Ban Fu [1992] No. 1736” issued by the General Office of the People’s Government of Shenzhen and “Shen Ren Yin Fu Zi (1992) No. 261” issued by Shenzhen Special Economic Zone Branch of People’s Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as “China International Marine Containers (Group) Co., Ltd.” by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued RMB ordinary shares (A shares) and domestically listed foreign shares (B shares) to the public at home and abroad, and commenced trading on Shenzhen Stock Exchange pursuant to “Shen Fu Ban Fu [1993] No. 925” issued by the General Office of the People’s Government of Shenzhen and “Shen Zheng Ban Fu [1994] No. 22” issued by Shenzhen Securities Administration Office. On 1 December 1995, as approved by the State Administration for Industry and Commerce, the Company changed its name to “China International Marine Containers (Group) Co., Ltd.” The Registered Address and Address of Head Office of the Company is 8th Floor, CIMC R&D Centre, No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

On 19 December 2012, the Company’s domestically listed foreign shares (B shares) changed listing location, and were listed and traded on the Main Board of the Hong Kong Stock Exchange through the way of introduction. Henceforth, all the Company’s B shares were converted to overseas listed foreign shares (H shares).

On 12 October 2020, the Company’s shareholder COSCO Shipping Development Co., Ltd. and its subsidiaries signed a share transfer agreement with Shenzhen Capital Operation Group Co., Ltd. (Shenzhen Capital) and its subsidiaries. On 18 December 2020, the share transfer was completed. Shenzhen Capital and its subsidiaries held 29.74% of the Company’s equity and became the Company’s largest shareholder.

The actual principal activities of the Company and its subsidiaries (together referred to as the “**Group**”) are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilising the Group’s equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacture and sales of various high-tech and high performance speciality vehicles, airport equipment, fire-engine and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipment such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipment and providing EP+CS (engineering, procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases; and providing a comprehensive solution for the integration of unitised logistics vehicles and packages. Apart from the above, the Group is also engaged in financial equity investment, manufacturing of logistic equipment and related services and marine projects.

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### I. GENERAL INFORMATION (Continued)

CIMC Enric Holdings Limited (“**Enric**”), the subsidiary of the Company, is listed on the Main Board of the Hong Kong Stock Exchange. The actual principal activities of Enric are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), the subsidiary of the Company, is listed on the Main Board of the Hong Kong Stock Exchange and the Growth Enterprise Market of the Shenzhen Stock Exchange. CIMC Vehicles primarily engages in the production, manufacture and sales of semi-trailers and speciality vehicles and their truck bodies, refrigerated van and its container.

On 27 July 2023, the China Securities Regulatory Commission (CSRC) approved the registration application of CIMC Safeway Technologies Co., Ltd. (CIMC Safe Tech), a subsidiary of Enric, for an IPO and listing on ChiNext of the Shenzhen Stock Exchange. The CIMC Safe Tech’s A-share IPO was subsequently completed on 11 October 2023. The CIMC Safe Tech primarily engages in the research, development and manufacture of chemical logistics equipment, chemical process equipment, pressure vessels and components, as well as key environmental protection equipment.

Please refer to Note VI for details of subsidiaries included in the scope of consolidation and also refer to Note V.1 for the details of subsidiaries newly included in the scope of consolidation. Please refer to Note V.2 for details of subsidiaries not included in the scope of consolidation.

The financial statements have been approved for announcement by the Company’s Board of Directors on 27 March 2024.

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines specific accounting policies and accounting estimates according to characteristics of its business operations, which include measurement of expected credit losses (ECL) of receivables and contract assets (Note II.10), the cost of inventories (Note II.11), the criteria for determining impairment of long-term assets (Note II.20), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note II.14, 17 and 28), judgement criteria for capitalised development expenditures (Note II.17), measurement of provisions (Note II.22), measurement model of investment properties (Note II.13) and revenue recognition and measurement (Note II.25), etc.

The key judgements, significant accounting estimates and key assumptions adopted by the Group when determining significant accounting policies are disclosed in Note II.32.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 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 other relevant regulations issued thereafter (hereinafter collectively referred to as “**the Accounting Standards for Business Enterprises**” or “**CASs**”) 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 prepared in accordance with requirements of the Hong Kong *Companies Ordinance*.

### 2. Statement of compliance with the Accounting Standards for Business Enterprises

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

### 3. Accounting year

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

### 4. Recording currency

Renminbi (“**RMB**”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The recording currency of the Company and its subsidiaries domiciled in PRC is RMB. The recording currency of the Company’s overseas subsidiaries and other operating entities is determined based on the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 5. Methods and basis for determining important standards

Significant Provisions for Bad Debts assessed individually on Account Receivables, Contract Assets and Other Receivables	Individual provision amount exceeding 10% of the total bad debt provision for each category of receivables and exceeding RMB100 million
Significant Write-offs/Reversals of Bad Debt Provisions for Receivables	Individual write-off amount exceeding 10% of the total bad debt provision for each category of receivables and exceeding RMB100 million
Significant goodwill	Goodwill carrying amount of an individual asset group exceeding 10% of the Group's total goodwill
Significant non-wholly-owned subsidiaries	Non-controlling interests of an individual non-wholly owned subsidiary exceeding 5% of the Group's consolidated net assets
Significant joint ventures and associates	Individual carrying amount exceeding 1% of the Group's total consolidated assets or equity pick-up from an investee exceeding 5% of the Group's consolidated net profit
Significant subsidiaries	Net assets or net profit of a subsidiary exceeding 5% of the Group's corresponding amounts
Significant unconsolidated structured entities	Individual investment in a structured entity over RMB300 million
Significant construction in progress	Individual project with a budgeted amount exceeding RMB300 million
Significant contract changes	Change/variation amount exceeding 30% of the original contract value with a financial statement impact exceeding RMB100 million
Significant transactions with non-controlling interests	Individual transaction amount exceeding RMB300 million
Significant Acquisitions and Disposals of Subsidiaries	Consideration for an individual acquisition or disposal of a subsidiary exceeding RMB300 million
Significant provisions	Individual provision amount exceeding RMB100 million
Significant lawsuits	Individual lawsuit claim amount exceeding RMB100 million

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 6. Business combinations

#### (1) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the acquirer are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to capital reserve (share premium). If the balance of the capital reserve (share premium) is insufficient to absorb the aforesaid difference, any excess is adjusted against retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

#### (2) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (Note II.18); where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

### 7. 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.

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### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 7. Preparation of consolidated financial statements (Continued)

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.

Where the Company acquires a minority interest from a subsidiary's non-controlling interests 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 (share premium) in the consolidated balance sheet. If the credit balance of the capital reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

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

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 7. Preparation of consolidated financial statements (Continued)

If the Company loses the control of the original subsidiary because of disposing of 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 disposals 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 intra-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 non-controlling interests, net profit and loss attributable to non-controlling interests as well as total comprehensive income attributable to non-controlling interests presented separately in the consolidated financial statements within shareholders' equity and net profit as well as total comprehensive income respectively. If the current loss attributable to the non-controlling interests of a subsidiary exceeds the non-controlling interests' share of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of the non-controlling interests. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent and net profit attributable to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction in the financial statements at the Group level is inconsistent with that at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

### 8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Foreign currency transactions and translation of financial statements denominated in foreign currency

#### (1) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised (Note II.16) as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. Non-monetary items denominated in foreign currencies that are measured at fair value are translated by using the spot exchange rate on the date when the fair value is determined, and the currency translation difference arising therefrom is included in the profit or loss or other comprehensive income on the basis of the nature of such non-monetary items. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (2) Translation of financial statements denominated in foreign currency

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "retained earnings" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements for overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income.

When the control on overseas operation is lost due to disposals of all owners' equity in the Group's overseas operation or disposals of some equity investments or any other reasons, the differences on translation of financial statements denominated in foreign currency, which are presented under shareholders' equity in the balance sheet, related to the overseas operation and attributable to shareholders' equity of the Company, are recorded in profit or loss for the current period in which the disposal is incurred.

The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments

A financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other parties. When the Group becomes a party of a financial instrument contract, the relevant financial assets or financial liabilities are recognised.

#### (1) Financial assets

##### (a) *Classification and measurement*

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. For the account receivables and notes receivables arising from the sales of products or the provision of services that do not contain or consider the significant financing components, the consideration to be received is recognised as the initial recognition amount.

##### (i) Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

##### At amortised cost:

The Group's business model for managing such financial assets is to collect contractual cash flows, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements, namely the cash flows generated on a specific date are solely payments of principal and interest based on the outstanding principal amount. Interest income from these financial assets is included in financial income using the effective interest rate method. Such financial assets mainly comprise cash and cash equivalents, notes receivables, account receivables, other receivables and long-term receivables. The Group will present the long-term receivables due within one year (including one year) from the balance sheet date as current portion of non-current assets.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (a) *Classification and measurement (Continued)*

##### (i) Debt instruments (Continued)

###### At fair value through other comprehensive income:

The Group's business model for managing such financial assets is both to collect contractual cash flows and to hold for sale, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements. Such financial assets are measured at fair value through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income calculated using effective interest rate method, which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing.

###### At fair value through profit or loss:

Debt instruments held by the Group that are measured neither at amortised cost nor at fair value through other comprehensive income, are measured at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group designates certain financial assets as financial assets at fair value through profit or loss. If it is more than one year from the balance sheet date and is expected to be held for more than one year, it is presented as other non-current financial assets, and the rest will be presented as financial assets held for trading.

##### (ii) Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held for more than one year as from the balance sheet date are presented as other non-current financial assets.

In addition, at initial recognition, the Group designates certain non-tradable equity instrument investments as financial assets at fair value through other comprehensive income and presents them as other equity investments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) Impairment

The Group recognises loss provision based on ECL for financial assets at amortised cost, debt investments at fair value through other comprehensive income, contract assets, financial guarantee contracts.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivables, account receivables, receivables financing, contract assets and long-term receivables incurred from daily business activities such as selling goods and providing services, regardless of whether there is a significant financing component, the Group measures the loss provision according to the lifetime ECL.

At each balance sheet date, the ECL of financial instruments other than aforesaid notes receivables, account receivables, receivables financing, contract assets and long-term receivables is measured based on different stages. If the credit risk of the financial instrument has not significantly increased since initial recognition, the instrument is in the first stage. The Group measures the allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk of the financial instrument has significantly increased since initial recognition, the instrument is in the second stage. The Group measures the allowance for that financial instrument at an amount equal to lifetime ECL. If the financial instrument has suffered credit impairment since the initial recognition, it is in the third stage, and the Group measures the allowance for that financial instrument at an amount equal to lifetime ECL.

For financial instruments with lower credit risk at the balance sheet date and in the first stage, the Group assumes that its credit risk has not significantly increased since the initial recognition, and measures the allowance for that financial instrument at an amount equal to 12-month ECL.

For the financial instruments in the first stage and the second stage, the Group calculates interest income based on its book balance and effective interest rate without deducting the impairment provision. For the financial instruments in the third stage, the interest income is calculated according to the book balance minus the amortised cost and the effect interest rate after the impairment provisions.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) Impairment (Continued)

When ECL cannot be evaluated according to the reasonable cost for individual account receivable, notes receivables, receivables financing, contract assets and long-term receivables, the Group divides account receivables, notes receivables, receivables financing and contract assets into several portfolios based on the credit risk characteristics, and calculates the ECL on the basis of the portfolios. The basis for determining the portfolios is as follows:

Notes receivables portfolio 1	Commercial acceptance bill
Notes receivables portfolio 2	Bank acceptance bill
Receivables financing	Bank acceptance bill
Account receivables portfolio 1	Containers manufacturing business
Account receivables portfolio 2	Road transportation vehicles business
Account receivables portfolio 3	Energy, chemical and liquid food equipment business
Account receivables portfolio 4	Offshore engineering business
Account receivables portfolio 5	Airport, facilities, fire safety and automated logistics equipment business
Account receivables portfolio 6	Logistics services business
Account receivables portfolio 7	Unit load business
Account receivables portfolio 8	Other business
Contract assets portfolio 1	Offshore engineering
Contract assets portfolio 2	Energy, chemical and liquid food equipment business
Contract assets portfolio 3	Airport, facilities, fire safety and automated logistics equipment business

For the account receivables, notes receivables and receivables financing incurred from daily business activities such as selling goods and providing services, which are classified as portfolios, the Group calculates the ECL by reference to the historical credit losses experience, considering the current situation and the forecast of future economic conditions, as well as the default risk exposure and the lifetime ECL rate.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (b) Impairment (Continued)

In case the ECL of an individually assessed other receivables cannot be evaluated with reasonable cost, the Group classifies other receivables into several portfolios based on the credit risk characteristics, and calculates the ECL on the basis of the portfolios. The basis for determining the portfolios is as follows:

Receivables portfolios	Nature
Other receivables portfolio 1	Receivables arising from financing for related parties
Other receivables portfolio 2	Receivables from share capital increase/transfer
Other receivables portfolio 3	Loans
Other receivables portfolio 4	Financial assets held under resale agreements
Other receivables portfolio 5	Security deposits
Other receivables portfolio 6	Receivables from demolition compensation
Other receivables portfolio 7	Tax refund receivables
Other receivables portfolio 8	Government grants receivables
Other receivables portfolio 9	Interest receivable
Other receivables portfolio 10	Dividends receivable
Other receivables portfolio 11	Disbursements
Other receivables portfolio 12	Others

For other receivables divided into portfolios, the Group adopts three-stage model to calculate their ECL based on the exposure at default and the 12-month or lifetime ECL rate, with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

The Group recognises the loss provision made or reversed in profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income when the impairment losses or gains are recognised in profit or loss.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### (c) Derecognition

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred to the transferee and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When the other equity investment is derecognised, the difference between the carrying amount and the consideration received as well as the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those measured at fair value through other comprehensive income, the difference aforementioned is recognised in retained earnings instead.

#### (2) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly financial liabilities at amortised cost, including notes payables, account payables, other payables, borrowings and debentures payable. Such financial liabilities are initially measured at their fair value less transaction costs and are subsequently measured using the effective interest rate method. If the term is less than one year (including one year), it shall be listed as current liabilities; if the term is more than one year but expires within one year (including one year) from the balance sheet date, it shall be listed as current portion of non-current liabilities; the rest are presented as non-current liabilities.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognition portion and the consideration paid is recognised in profit or loss for the current period.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### (3) Fair value determination of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

#### (4) Derivative financial instruments

Derivatives are initially recognised at the date of the contract and are initially and subsequently measured at fair value. Derivatives are reflected as assets when its fair value is positive, and as liabilities when negative. Changes in fair value of these derivative financial instruments are recognised in profit or loss for the current period.

For a hybrid contract that contains both an embedded derivative financial instruments and a host contract, if the host contract is a financial asset contract, the Group accounts for the hybrid contract as a whole (without separating the embedded derivatives from it) on the basis of applicable accounting standards on financial instruments classification. If the host contract is not a financial asset contract and meets the conditions below, the Group accounts for the embedded derivatives that are separated from the hybrid contract as a separate derivative:

- (1) the economic characteristics and risks of embedded derivatives are not closely related to the host contract;
- (2) a separate instrument that has the same terms but exists independently satisfies the definition of the derivative; and
- (3) the hybrid instrument is not measured at fair value through profit or loss for the current period.

If the embedded derivative is separated from the hybrid contract, the Group accounts for the host contract on the basis of applicable accounting standards. If the fair value of the embedded derivatives cannot be reliably measured in accordance with the terms and conditions of the embedded derivatives, they are recognised according to the fair value difference between the hybrid contract and the host contract. If the fair value of the embedded derivative on the acquisition date or subsequent balance sheet date cannot be measured individually after the above methods are used, the Group designates the hybrid contract as a financial instrument at fair value through profit or loss for the current period.



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### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 10. Financial instruments (Continued)

##### (5) Equity instruments

An equity instrument is a contract that demonstrates the residual equity in the assets of the Group after deducting all liabilities.

Perpetual bonds, issued by the Group and classified as equity instruments, do not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavourable conditions. And there is no arrangement that requires or can be settled with the Group's own equity instruments.

Other equity instruments issued by the Group are initially recognised at the fair value deducting the cost that is directly attributable to equity transactions. The dividend distributions or interest expenses during the existence of other equity instruments shall be treated as profit distribution. The repurchasing and writing off of other equity instruments are treated as changes in shareholders' equity, and the related transaction costs are deducted from the shareholders' equity.

#### 11. Inventories

##### (1) Classification

Inventories include raw materials, products in progress, finished products and stocks, commissioned processing materials, spare parts, marine engineering projects, and reusable materials, and are measured at the lower of cost and net realisable value.

##### (2) Valuation method of inventories

Cost of inventories is calculated using the weighted average method, which includes all purchase costs, processing costs, and other costs incurred before the inventory is shipped to the destination and in bringing them to the status quo. Borrowing costs incurred directly attributable to the production of qualifying inventories are recognised in cost of inventories (Note II.16). The cost of stocks and products in progress includes raw materials, direct labour, and manufacturing expenses allocated in a systematic way under normal production capacity.

##### (3) The underlying factors in the determination of net realisable values of inventories and basis of provision for decline in the value of inventories

Provision for decline in the value of inventories is determined as the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the normal course of business less the estimated costs to completion, the estimated costs of contract performance and the estimated expenses and related taxes necessary to make the sale. The Group determines a consolidated provision for inventory decline for inventories that are produced and sold in the same region and have the same or similar end use.

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### 11. Inventories (Continued)

- (4) The Group adopts the perpetual inventory system.
- (5) Amortisation of reusable materials including low-value consumables and packaging materials

Reusable materials include low-value consumables and packaging materials. Low-value consumables are amortised into expenses based upon numbers of usage. Packaging materials are amortised in full when received for use.

### 12. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures through joint venture arrangement and the Group enjoys the rights only on the net assets of investees based on legal forms, contractual terms and other facts and circumstances. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

#### (1) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 12. Long-term equity investments (Continued)

#### (2) Subsequent measurement and recognition of profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or loss for the current period according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses in the financial statements of the Company are recognised. When preparing consolidated financial statements, for the portion of unrealised gains and losses of internal transaction attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investees, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised income and costs or asset disposal gains and losses attributable to the Group, and adjust investment income accordingly; for the unrealised gains and losses of internal transaction attributable to the Group arising from the upstream transactions in which the investees invest in or sell assets to the Group, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised gains and losses of internal transaction included in the carrying amount of the relevant assets, and adjust the carrying amount of long-term equity investments accordingly. For losses on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised losses are not eliminated.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 12. Long-term equity investments (Continued)

#### (3) Basis for determining the existence of control, joint control or significant influence over an investee

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the determination of financial and operating policies of the investee, but is not control or joint control over those policies.

#### (4) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note II. 20).

### 13. Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts fair value model to subsequently measure investment properties and does not provide depreciation or amortisation. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 13. Investment properties (Continued)

When an investment property is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment properties at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment properties is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed assets or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income and would be transferred into profit or loss for the current period when the investment property is disposed.

An investment property is derecognised on disposal or when the investment properties is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sales, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

### 14. Fixed assets

#### (1) Recognition and initial measurement

Fixed assets include buildings, machinery and equipment, motor vehicles, office and other equipment, offshore engineering equipment, docks and wharves.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 14. Fixed assets (Continued)

#### (2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values, over their estimated useful lives, unless the fixed asset is classified as held for sale (Note II. 29). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

Category	Estimated useful lives (years)	Estimated net residual value rate (%)	Depreciation rate per annum (%)
Buildings	10 – 33	10%	2.73 – 9%
Machinery and equipment	2 – 30	10%	3 – 45%
Office and other equipment	3 – 15	10%	6 – 30%
Motor vehicles	3 – 10	10%	9 – 30%
Dock and wharf	20 – 50	10%	1.8 – 4.5%
Offshore engineering equipment	20 – 30	10%	4.5 – 6%

Estimated useful lives, estimated net residual values of a fixed asset and depreciation methods are reviewed, and adjusted as appropriate at each year-end.

(3) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II. 20).

#### (4) Disposal

A fixed asset is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sales, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 15. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation (Note II. 16) and other costs necessary to bring the construction in progress ready for its intended use.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below its carrying amount (Note II. 20).

### 16. Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For general borrowings utilised for the acquisition and construction of an asset qualifying for capitalisation, the capitalised amount of the general borrowings is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate that exactly discounts estimated future cash flows through the expected life of the borrowings or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 17. Intangible assets

Intangible assets include land use rights, technological know-how trademarks and software, timber concession rights, customer relationships, customer contracts, sea area use rights and franchise rights, and are measured at cost.

#### (1) Amortisation of intangible assets

An intangible asset with finite useful life is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the intangible assets' economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (Note II. 29).

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At each balance sheet date, an impairment test will be conducted.

The respective amortisation periods for such intangible assets are as follows:

Item	Amortisation periods
Land use rights	20 years – 50 years
Sea area use rights	40 years – 50 years
Technological know-how and trademarks	3 years – 15 years
Customer relationships	2 years – 10 years
Customer contracts	9 months – 4 years
Franchise rights	10 years – 30 years

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.



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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 17. Intangible assets (Continued)

#### (2) Research and development

The Group's research and development expenditures primarily include expenditures on materials consumed for the implementation of the Group's research and development activities, remuneration of employees in the research and development department, depreciation and amortisation of equipment and software used in research and development and other assets, testing and design expenses.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- the management has approved the budget for the development of manufacturing technique;
- the research and analysis of preliminary market survey indicate that products manufactured with such technique are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques and subsequent mass production; and
- expenditure on development of manufacturing techniques can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development expenditures previously recognised as expenses are not recognised as an asset in the subsequent period. Capitalised expenditure on the development phase is presented as development expenditures in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

#### (3) Impairment of intangible assets

The carrying amount of an intangible asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II. 20).

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving enterprises not under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note II. 20). On disposals of an asset group or combination of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

### 19. Long-term prepaid expenses

Long-term prepaid expenses include the improvement of the right-of-use assets and other expenses that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

The amortisation periods of long-term prepaid expenses are as follows:

Item	Amortisation periods (years)
Drilling platform mobilisation fee	3 – 5
Improvement expenditure of fixed assets under operating lease	2 – 10
Others	3 – 10

### 20. Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its carrying amount, the impairment provision shall be made based on the difference and included in the asset impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

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## **II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

### **20. Impairment of long-term assets (Continued)**

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the impairment test, the carrying amount of goodwill is allocated to the related asset groups or combination of asset groups, which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or combination of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset groups or combination of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or combination of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognised, it is not reversed for the value recovered in the subsequent period.

### **21. Employee benefits**

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, post-employment benefits and termination benefits.

#### **(1) Short-term wages**

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and short-term paid absence. Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 21. Employee benefits (Continued)

#### (2) Post-employment benefits

The Group classifies post-employment benefits into defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefits plan that no longer assumes further payment obligations after the Group pays a fixed fee to an independent fund; a defined benefit plan is a post-employment benefit plan other than the defined contribution plan. During the reporting period, the Group's post-employment benefits are basic pension insurance and unemployment insurance, which are all defined contribution plans.

##### *Basic pension insurance*

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

#### (3) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

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## **II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

### **22. Provisions and contingent liabilities**

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Loss provision for financial guarantee contracts which is recognised on the basis of ECL are presented as provisions.

Provisions expected to be paid within one year from the balance sheet date are disclosed as current liabilities.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

### **23. Dividend distribution**

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

Distributions of dividends or profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Share-based payments

Share-based payment transactions are classified as equity-settled share-based payments and cash-settled share-based payments. The stock option plan and restricted stock plan implemented by the Group are equity-settled share-based payments.

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to the employees. Where the equity-settled share-based payments are exercisable immediately after the grant is completed, the payments shall be recognised in profit or loss in the current period at the fair value of the equity instruments at the grant date, with capital reserve increased accordingly; where the equity-settled share-based payments are exercisable after the service in the vesting period is completed or specified performance conditions are met, the service obtained in the current period shall be recognised in profit or loss in the current period at the fair value of the equity instruments at the grant date based on the best estimate on the quantity of exercisable equity instruments made by the Group in accordance with the latest changes in the number of exercisable employees, satisfaction of specified performance conditions and subsequent information at each balance sheet date within the vesting period.

Where the equity-settled share-based payments cannot be exercised in the end, the Group's cost or expenses shall not be recognised unless that the payments are exercisable under the market conditions or non-exercisable conditions. In this regard, whether the market conditions or non-exercisable conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

When the Group modifies the terms of a share-based payment arrangement and the modification increases the fair value of the equity instruments granted, the Group recognises the incremental value of services obtained by reference to the fair value of equity instruments at the modification date over their fair values prior to the modification. If the Group modifies the vesting conditions in a manner that is beneficial to the employee, the Group accounts for the modified vesting conditions prospectively; however, if the modification is detrimental to the employee, the existing vesting terms continue to apply unless the Group cancels all or a portion of the equity instruments granted. In the event of cancellation of equity instruments granted, the Group accelerates the vesting to the cancellation date and immediately recognises the amount that otherwise would have been recognised over the remaining vesting period in profit or loss for the current period, with a corresponding credit to capital reserve.

If the Group needs to repurchase the restricted shares that become invalid due to miss the unlocking conditions at the repurchasing price agreed in advance, the Group shall recognise liabilities and treasury shares according to the number of restricted shares and the corresponding repurchasing price.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Revenue recognition

Revenue is recognised at the amount of the consideration which the Group expects to be entitled to receive when obligations in a contract are performed, that is, the control of the goods is transferred to the customer.

Obtaining the control of related goods means being able to dominate the use of the goods and obtain almost all of its economic benefits.

It's transferring control of goods over time, if one of the following criteria is met. Otherwise, it's transferring control of goods at a point in time:

- (1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (2) customers can control goods under construction during the Company's performance of contract;
- (3) the Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

In respect of a contract obligation that is to be fulfilled within a period, the Company should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined.

When the performance progress cannot be reasonably determined, the revenue shall be recognised according to the amount of costs incurred if the expenses incurred by the Group could be expected to be compensated, until the performance progress can be reasonably determined.

Revenue recognised at a point in time is determined when the customer obtains control of the goods and services.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Revenue recognition (Continued)

Contract costs include contract fulfilment costs and contract acquisition costs. The costs are recognised as contract fulfilment costs on the condition that (1) the costs are incurred by the Group for the fulfilment of the current or expected sales contracts or service contracts, (2) the costs increase the resources that the Group will use to fulfil obligations in the future, and (3) the costs are expected to be recoverable. The contract fulfilment costs are recognised as the cost of sales of main operations based on the stage of completion when recognising revenue. Cost incurred by the Group for the acquisition of the contract is recognised as incremental costs of obtaining a contract. For costs of obtaining a contract with amortisation period of less than one year, it would be recognised in profit or loss for the current period when it occurs; for costs of obtaining a contract with amortisation period of more than one year, it would be amortised in profit or loss on the basis of revenue recognition of the related contract. If the carrying amount of contract cost is higher than the remaining consideration expected to be obtained by the provision of the service minus the estimated cost to be incurred, the Group makes impairment provisions on the excess and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the contract fulfilment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfilment costs (net of related provision for asset impairment) is presented as inventories or other non-current assets respectively. For contract acquisition costs with an amortisation period more than one year as determined upon the initial recognition, the amount net of any related provision for asset impairment is presented as an other non-current asset.

The Group determines whether the Group is the primary responsible person or agent when engaging in the transactions based on whether the Group has control over the goods or services before the transfer of goods or services to the customer. Where the Group has control over the goods or services before the transfer of goods or services to the customer, the Group is the principal responsible person and recognises revenue based on the total consideration received or receivable. Otherwise, the Group acts as an agent and recognises revenue based on the commissions or service charge, which is based on the total amount of consideration received or receivable minus the consideration payable to other parties, or based on the established commission amount or proportion.



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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Revenue recognition (Continued)

#### (1) Revenue from sales of goods

The Group sells containers, road transport vehicles and equipment, airport equipment, fire fighting equipment, energy chemical equipment and recycled carrier equipment. Revenue is recognised at a point in time when the control over the goods is transferred after the Group has delivered the goods to the location as specified in the sales contract and the customer has accepted the goods.

The credit periods granted by the Group to customers in various industries are consistent with the practices of various industries, therefore, there is no significant financing component.

The Group provides product quality assurance for the sales of products and recognises corresponding provisions (Note IV. 36). The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate fulfilment obligation.

The Group's cooperation model with distributors is outright sales, and the recognition of sales revenue under the distribution model is consistent with the direct sales model.

#### (2) Revenue from project engineering contracts

For construction services provided by the Group during the performance of contracts that have no alternative use, where the Group has an enforceable right to payment for performance completed to date over the contract term, the Group treats these as performance obligations satisfied over time. Revenue is recognised by measuring progress using the input method, which is to recognise revenue on the basis of the Group's efforts or inputs toward satisfying the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. For contracts where the terms do not convey an enforceable right to payment for performance completed to date over the contract term, these do not meet the criteria for performance obligations satisfied over time. The Group treats these as performance obligations satisfied at a point in time. The Group typically recognises revenue at the point in time when control of the related goods transfers, considering factors such as the present right to payment, transfer of significant risks and rewards of ownership, transfer of legal title, physical possession of the asset, and customer acceptance.

#### (3) Revenue from rendering of installation, research and development, design and other services

The Group provides external installation, research and development, design and other services, and recognises revenues over a period of time based on the progress of completed labour services. The progress of completed labour services is determined by the proportion of incurred costs to estimated total costs. At the balance sheet date, the Group re-estimated the progress of completed services so that it can reflect changes in fulfilment of the contract.

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**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****25. Revenue recognition (Continued)****(4) Revenue from rendering of freight forwarding services**

The logistics services provided by the Group mainly include “integrated” multimodal transport business, professional logistics services, terminals and value-added services. The “integrated” multimodal transport business mainly refers to the Group’s integration of global transportation resources to provide customers with comprehensive and standardised logistics services combining “river, sea, land, rail and air” transportation modes, which can be specifically divided into maritime business, air transportation business and land transportation business. In accordance with the requirements of the contract, revenue is recognised based on the completion of the services when the corresponding goods arrive and leave the port, obtain the corresponding receipts. The professional logistics services, terminals and value-added services provided by the Group are subject to the requirements of the contract, and the revenue is recognised based on the completion of the corresponding services.

**(5) Revenue from steel product trading and agency services**

For the Group’s trading, processing and sales of primarily steel products, as well as steel trading agency services, the Group delivers the goods to the designated delivery location in accordance with the contract terms. Revenue is recognised when the customer obtains acceptance of the goods and control has transferred.

In the steel product trading business, the Group procures relevant products based on market supply and demand dynamics as well as customer order requirements. After obtaining the steel products from third parties, the Group either directly transfers them to customers or processes the goods before transferring them to customers. The Group comprehensively considers whether it bears the primary responsibility for delivering the products and ensuring they meet customer specifications and quality requirements, whether it has discretion in selecting suppliers and determining procurement pricing with availability of many alternative qualified suppliers, and whether it has the right to decide the sales counterparty and pricing, while also bearing significant inventory risks. If the Group is deemed to control the steel products prior to transfer to the customer, then it is the principal and recognises revenue based on the total consideration received or receivable. Otherwise, the Group acts as an agent and recognises revenue based on the expected commission or service fee, which is the net amount after deducting payments to other parties from the total consideration, or based on a pre-determined commission amount or percentage.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 26. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including refund of taxes and financial subsidies.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. If a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets represent grants obtained from government for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income represent those government grants other than related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income and used to compensate related costs or losses in coming periods are recognised as deferred income and are recognised as profit or loss or deducted related cost in the period of related costs and expenses realised. Government grants related to income used to compensate related expenses or losses occurred are directly recognised as current year's profit or loss or deducted related costs. The Group uses the same presentation method to disclosure government grants in the same category.

Government grants related to daily activities are included in operating profits. Government grants that are not related to daily activities are included in non-operating income and expenditure.

For the policy-based preferential interest rate loans received by the Group, the recorded value of the borrowings shall be the borrowing amount actually received, and the relevant borrowing costs shall be calculated based on the principal of the borrowings and the policy preferential interest rate. The financial interest subsidy directly received by the Group reduces the relevant borrowing costs.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 27. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination where the initial recognition of assets or liabilities does not result in equal taxable temporary differences and deductible temporary differences, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities;
- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 28. Leases

A lease is a contract whereby, within a certain period of time, the lessor gives the right to use the assets to the lessee in order to obtain consideration.

#### The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments that are linked to a certain percentage of sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets comprise leased buildings, land use rights, machinery and equipment, motor vehicles, office and other equipment. Right-of-use assets are measured initially at cost, which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term.

When the lease contract changes and the following conditions are met at the same time, the Group should treat it as a separate lease for accounting treatment: (1) The new lease contract expands the lease scope by adding one or more rights to use the leased asset; (2) The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 28. Leases (Continued)

#### The Group as the lessee (Continued)

When the lease change is not accounted for as a separate lease, the Group will re-determine the lease term on the effective date of the lease change, except for the simplified method for contract changes prescribed by the Ministry of Finance. In addition, the revised discount rate is used to discount the changed lease payment and remeasure the lease liability. If the lease change causes the scope of the lease to be narrowed or the lease term to be shortened, the Group will correspondingly reduce the carrying amount of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease are included in profit and loss for the current period. If other lease changes cause the lease liability to be remeasured, the Group will adjust the carrying amount of the right-of-use asset accordingly.

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

#### The Group as the lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

##### (1) *Operating leases*

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

When the lease contract changes, the Group will regard it as a new lease from the effective date of the change, and treat the advances or lease receivables related to the lease before the change as the new lease payment.

##### (2) *Finance leases*

At the commencement date, the Group recognises the finance lease receivables under a finance lease and derecognises relevant assets. The finance lease receivables under a finance lease are presented as long-term receivables; the finance lease receivables under a finance lease due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 29. Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other parties and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 30. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or where two or more parties are subject to common control or joint control from another party, and one party is controlled or jointly controlled by a third party and the other party is significantly influenced by such third party, they are considered to be related parties. Conversely, enterprises that are only significantly affected by the same party are not related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

- (a) the Company's parent company;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent company;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals under the same control, joint control as the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors of the Group and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent company;
- (k) close family members of key management personnel of the Company's parent company; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.



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### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 31. Segment reporting

Reportable segments are identified and segment information is disclosed based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- it engages in business activities from which it may earn revenues and incur expenses;
- its financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;
- the Group is able to obtain its accounting information regarding financial position, financial performance and cash flows, etc.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects.

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements

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

#### (1) Critical judgements in applying the accounting policies

##### (a) *Criteria for significant increase in credit risk and credit-impaired*

Judgement of the Group for significant increase in credit risk and credit-impaired is mainly based on whether the number of overdue days exceeds credit term, or whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor, the debtor is suffering significant financial difficulties, engaged in other debt restructuring, or it is probable that the debtor will enter bankruptcy, etc.

##### (b) *Judgement of income from trading of steel products as a primary responsible person or agent*

In the steel product trading business, the Group procures relevant products based on market supply and demand dynamics as well as customer order requirements. After obtaining the steel products from third parties, the Group either directly transfers them to customers or processes the goods before transferring them to customers. The Group comprehensively considers whether it bears the primary responsibility for delivering the products and ensuring they meet customer specifications and quality requirements, whether it has discretion in selecting suppliers and determining procurement pricing with availability of many alternative qualified suppliers, and whether it has the right to decide the sales counterparty and pricing, while also bearing significant inventory risks. If the Group is deemed to control the steel products prior to transfer to the customer, then it is the primary responsible person and recognises revenue based on the total consideration received or receivable. Otherwise, the Group acts as an agent and recognises revenue based on the expected commission or service fee, which is the net amount after deducting payments to other parties from the total consideration, or based on a pre-determined commission amount or percentage.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions

##### (a) *Measurement of ECL*

The Group calculates ECL through default risk exposure and ECL rate, and determines the ECL rate based on default probability and default loss rate or the ageing matrix. In determining the ECL rate, the Group uses data such as internal historical credit losses experience and adjusts historical data based on current conditions and forward-looking information.

When considering forward-looking information, the Group has considered different macroeconomic scenarios. In 2023, the weights of “benchmark”, “unfavourable” and “favourable” economic scenarios are 68%, 16% and 16% respectively. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of ECL, including the growth rate of Gross Domestic Product (“GDP”), inflation rate, China’s merchandise exports as a percentage of nominal GDP, U.S. nominal retail sales growth rate, Chinese fiscal balance and Chinese money supply growth rate. In 2023, the Group considered the uncertainty under different macroeconomic scenarios and updated the relevant assumptions and parameters.

##### (b) *Impairment of long-term assets*

As described in Note II. 20, if a long-term asset (including fixed assets, construction in progress, long-term equity investments, intangible assets and right-of-use assets) and goodwill with an indication of impairment is tested for impairment at each balance sheet date and it indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an assets impairment loss are recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs of disposal and the present value of the future cash flows expected to be derived from it, which require the use of estimates.

The Group uses the estimate of present value of future cash flows to determine the recoverable amount. As there are uncertainties of the economic environment of relevant region, the revenue growth rate, gross profit margin and pre-tax discount rate used in calculating the present value of estimated future cash flows are also subject to uncertainties.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (b) *Impairment of long-term assets (Continued)*

If the management revises the growth rate used in the calculation of the future cash flow of the relevant asset group, and the revised growth rate is lower than the currently adopted growth rate, the Group needs to increase the provision for impairment of relevant assets.

If the management revises the gross profit margin used in the future cash flow calculation of the relevant asset group, and the revised gross profit margin is lower than the gross profit margin currently used, the Group needs to increase the provision for impairment of relevant assets.

If the management revises the discount rate before tax applied to the cash flow discount and the revised discount rate before tax is higher than the discount rate currently used, the Group needs to increase the provision for impairment of relevant assets.

If the actual growth rate and gross profit margin are higher or actual pre-tax discount rate is lower than the management's estimate, the Group cannot reverse the relevant asset impairment losses that have been previously accrued.

##### (c) *Provision for decline in the value of inventories*

As described in Note II. 11, the net realisable value of inventories is under the management's regular review, and as a result, the decline in the value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market sales, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for impairment of inventories. The profit or loss may then be affected in the current period when the provision for decline in the value of inventories is adjusted.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (d) *Depreciation and amortisation of assets such as fixed assets and intangible assets*

As described in Note II. 14 and 17, fixed assets, intangible assets and other assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed by the Group to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in previous estimates, depreciation and amortisation expenses will be adjusted in future periods.

##### (e) *Warranties*

As described in Note IV. 36, the Group makes provisions under the warranties it gives on the sales of its products based mainly on the Group's recent maintenance experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

##### (f) *Completion progress of the project engineering contract*

As described in Note II. 25, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the accumulated actual contract costs incurred to the total estimated contract costs or actual construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any changes of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (g) *Income taxes and deferred income taxes*

The Group is subject to corporate income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note III. 2, some of the subsidiaries of the Group are high-tech enterprises. The validity period of the high-tech enterprise qualification is 3 years. After the expiration, the application for high-tech enterprise certification must be resubmitted to the relevant government department. Based on the historical experience re-identified after the expiration of high-tech enterprises in previous years and the actual situation of these subsidiaries, the Group believes that these subsidiaries can continue to obtain high-tech enterprise certification in the coming years, and then calculate their corresponding deferred income tax at a preferential tax rate of 15%. If in the future some subsidiaries fail to obtain re-certification after the expiration of the high-tech enterprise qualification, the income tax will be calculated at the statutory tax rate of 25%, which will affect the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

For the deductible losses that can be carried forward in subsequent years, the Group shall recognise the corresponding deferred tax assets within the limit of the taxable income that is likely to be used to deduct the deductible losses in the future period. The taxable income obtained in the future period includes the taxable income that the Group can realise through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to use estimates and judgements when determining the time and amount of taxable income in the future. If there is a difference between the actual situation and the estimate, it may lead to adjustments to the carrying amount of deferred tax assets.

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## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Critical accounting estimates and judgements (Continued)

#### (2) Critical accounting estimates and key assumptions (Continued)

##### (h) *Estimation of fair value of investment properties*

The Group recognised the fair value of the investment properties based on the valuation assessed by the independent professional valuer, the valuation assessed by management or quotes from potential independent third-party buyers. To assess the fair value of investment properties, as stated in Note XVII. 1, several significant judgements and assumptions are used.

### 33. Significant changes in accounting policies

The Ministry of Finance issued the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (Interpretation No. 16) in 2022. The Group and the Company adopted the new lease standard since 1 January 2019, and recognised deferred income taxes related to temporary differences arising from lease liabilities and right-of-use assets on a net basis. From 1 January 2023, the Group and the Company applied Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption, and recognised deferred tax assets and deferred tax liabilities separately for equal deductible temporary differences and taxable temporary differences arising from above transactions and disclosed the related information in the notes. The relevant disclosures in the notes as at 31 December 2022 are adjusted accordingly. The implementation of Interpretation No. 16 has no impact to the Group and the Company's profit or loss for the year ended 31 December 2022, as well as financial statement line items as at 1 January 2022 and 31 December 2022.

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## III. TAXATION

## 1. Main taxes categories and rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductible input VAT of the period, is VAT payable	6%, 9% and 13%
Urban maintenance and construction tax	VAT payable	7%
Corporate income tax	Taxable income	Note 1
Sales tax/VAT in the United States/ Germany/United Kingdom	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	6% – 20%

Note 1: The income tax rates applicable to the Company 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 Hong Kong, China	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%



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### III. TAXATION (Continued)

#### 2. Preferential tax treatments

In 2023, the following major subsidiaries of the Company have obtained the *High-tech Enterprise Certificate*, which is valid for 3 years. According to the relevant provisions of Article 28 of the *Corporate Income Tax Law of the People's Republic of China*, the following subsidiaries of the Group can enjoy the preferential corporate income tax policies at the rate of 15% during the validity period:

Name of enterprises	Local statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	15%	High-tech enterprise
Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	15%	High-tech enterprise
Yangzhou Runyang Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Taicang CIMC Reefer Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Shenzhen Qianhai Ruiji Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Qingdao CIMC Special Reefer Co., Ltd.	25%	15%	15%	High-tech enterprise
Beijing CIMC Zhiben Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
CIMC Cold Cloud (Beijing) Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Hunan CIMC New Material Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	15%	High-tech enterprise

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## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	15%	High-tech enterprise
Gansu CIMC Vehicles Co., Ltd.	25%	15%	15%	High-tech enterprise
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	25%	15%	15%	High-tech enterprise
Dongguan CIMC Special Vehicle Co., Ltd.	25%	15%	15%	High-tech enterprise
Zhumadian CIMC Huajun Vehicle Casting Co., Ltd.	25%	15%	15%	High-tech enterprise
Shandong Master Special Purpose Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprise
CIMC Vehicles (Shandong) Co., Ltd.	25%	15%	15%	High-tech enterprise
Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	15%	High-tech enterprise
CIMC Vehicles (Jiangmen) Co., Ltd.	25%	15%	15%	High-tech enterprise
Qingdao CIMC Reefer Trailer Co., Ltd.	25%	15%	15%	High-tech enterprise
Jiangsu Baojing Auto Parts Co., Ltd.	25%	15%	15%	High-tech enterprise
Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	15%	High-tech enterprise
Enric (Bengbu) Compressor Co., Ltd.	25%	15%	15%	High-tech enterprise
Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise

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## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
Enric (Lang fang) Energy Equipment Integration Co., Ltd.	25%	15%	15%	High-tech enterprise
Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprise
CIMC Safe Tech	25%	15%	15%	High-tech enterprise
CIMC Enric Engineering Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	15%	High-tech enterprise
Nantong CIMC Energy Equipment Co, Ltd.	25%	15%	15%	High-tech enterprise
CIMC Enric Holvrieka Asia Co., Ltd.	25%	15%	15%	High-tech enterprise
Nantong CIMC Pacific Ocean Engineering Co., Ltd.	25%	15%	15%	High-tech enterprise
Anjieshui Internet of Things Information Technology (Suzhou) Co., Ltd.	25%	15%	15%	High-tech enterprise
Shenzhen CIMC – TianDa Airport Support Co., Ltd.	25%	15%	15%	High-tech enterprise
Cuilian (China) Fire Safety Equipment Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprise
Deli Kyushu Logistics Automation System (Beijing) Co., Ltd.	25%	15%	15%	High-tech enterprise

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## III. TAXATION (Continued)

## 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
CIMC Deli Logistics System (Suzhou) Co., Ltd.	25%	15%	15%	High-tech enterprise
Xinfa Airport Equipment Ltd.	25%	15%	15%	High-tech enterprise
Shanghai Jindun Special Vehicle Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Shenzhen CIMC TianDa Logistics Systems Engineering Co., Ltd.	25%	15%	15%	High-tech enterprise
Shenyang Jietong Fire Truck Co., Ltd.	25%	15%	15%	High-tech enterprise
Sichuan Chuanxiao Fire Safety Vehicle Manufacturing Co., Ltd.	25%	15%	15%	High-tech enterprise
Shenzhen CIMC-Tianda Jirong Aviation Air-conditioning Co., Ltd.	25%	15%	15%	High-tech enterprise
Langfang CIMC Airport Support Co., Ltd.	25%	15%	15%	High-tech enterprise
CIMC Security Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Qingdao CIMC Chuangying Composites Co., Ltd.	25%	15%	15%	High-tech enterprise
Guangdong Haizhong New Energy Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Suzhou CIMC LiangCai Logistics Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Shanghai CIMC TGE Gas Engineering Co., Ltd.	25%	15%	15%	High-tech enterprise

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### III. TAXATION (Continued)

#### 2. Preferential tax treatments (Continued)

Name of enterprises	Local statutory tax rate	Preferential tax rate		Reasons
		2023	2022	
Dalian CIMC Special Logistics Equipment Co., Ltd.	25%	15%	15%	High-tech enterprise
Taicang CIMC Special Logistics Equipment Co., Ltd.	25%	15%	25%	High-tech enterprise
Chengdu Lanshi Low-Temperature Technology Co., Ltd.	25%	15%	15%	High-tech enterprise
Yantai Tiezhongbao Steel Processing Co., Ltd.	25%	15%	15%	High-tech enterprise

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to Note VI.1 and Note IV.16 for the definition of subsidiaries, associates and joint ventures.

## 1. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash in hand	6,671	7,269
Bank deposits (i)	19,960,561	15,919,146
Other cash balances	1,357,219	1,185,172
	<b>21,324,451</b>	<b>17,111,587</b>
Including: Total cash abroad	<b>3,526,068</b>	<b>2,667,613</b>

- (i) As at 31 December 2023, bank deposits included time deposits of RMB612,990,000 (31 December 2022: Nil) due over three months and within one year of Enric, a subsidiary of the Group.
- (ii) As at 31 December 2023, restricted cash and cash equivalents of the Group amounted to RMB2,137,353,000 (31 December 2022: RMB1,315,238,000) (Note IV. 27).

As at 31 December 2023, restricted cash and cash equivalents of the Group mentioned above included deposits of CIMC Finance Company ("**Finance Company**"), a subsidiary of the Group, in the People's Bank of China, amounting to RMB402,642,000 (31 December 2022: RMB398,234,000). Finance Company is a finance institution authorised by the People's Bank of China.

## 2. Financial assets held for trading

	31 December 2023	31 December 2022
Monetary fund and equity investments (i)	320,052	1,045,729
Contingent consideration	17,704	15,224
	<b>337,756</b>	<b>1,060,953</b>

- (i) They mainly comprise monetary fund and equity investments purchased by Finance Company and CIMC Capital Holdings Limited ("**CIMC Capital**"), the Group's subsidiaries, respectively. The fair value of the fund is determined based on the statement of net assets value provided by Finance Company as at 31 December 2023, and the value of the equity is determined based on the fair value as at 31 December 2023.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. Derivative financial assets and derivative financial liabilities

	Note	31 December 2023	31 December 2022
Derivative financial assets -			
Forward foreign exchange contracts	(1)	267,183	101,322
Foreign exchange option contracts		16,916	1,015
Exchange rate/interest rate swap contracts		39,342	58,440
		<b>323,441</b>	160,777
Less: Non-current portion of derivative financial assets			
Exchange rate/interest rate swap contracts (Note IV. 15)		(22,086)	(117)
		<b>301,355</b>	160,660
Derivative financial liabilities -			
Forward foreign exchange contracts	(1)	260,696	235,735
Foreign exchange option contracts		6,827	-
Exchange rate/interest rate swap contracts		7,785	14,880
Commitment to non-controlling interests	(2)	1,425,969	1,078,642
		<b>1,701,277</b>	1,329,257
Less: Non-current portion of derivative financial liabilities			
Exchange rate/interest rate swap contracts (Note IV. 43)		(5,159)	(10,930)
		<b>1,696,118</b>	1,318,327

#### (1) Forward foreign exchange contracts

As at 31 December 2023, the Group had certain unsettled forward foreign exchange contracts, mainly denominated in USD, JPY, GBP, EUR, HKD, AUD and BRL. The nominal amount of these contracts amounted to USD3,201,786,000, JPY 420,046,000, GBP 12,878,000, EUR92,499,000, HKD71,050,000, AUD 4,000,000 and BRL 19,818,000 respectively. Pursuant to these forward foreign exchange contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR, HKD, AUD and BRL of contracted nominal amount at agreed rates in exchange of RMB at the contract settlement dates. These forward foreign exchange contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forward foreign exchange contracts range from 2 January 2024 to 27 January 2025.

#### (2) Commitment to non-controlling interests

CIMC Hong Kong, a wholly-owned subsidiary of the Group, shall compensate CIMC Offshore's non-controlling interests for the difference below the agreed amount when they exit through the sales of equity to a third party. The Group recognises derivative financial liabilities at fair value against its obligation to make up for this difference.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 4. Notes receivables

	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)
	<b>732,199</b>	<b>639,162</b>

- (a) As at 31 December 2023, the Group had no pledged notes receivables 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 are as follows:

	Derecognised	Not derecognised
Bank acceptance notes (i)	–	212,327
Trade acceptance notes	–	128,492
	–	<b>340,819</b>

- (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 (Note IV. 6).



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 4. Notes receivables (Continued)

#### (c) Provision for bad debts

As at 31 December 2023, the Group measured the provision for bad debts of bank acceptance notes based on the lifetime ECL, and the Group believes that there was no significant credit risk of the bank acceptance notes and will not cause significant losses due to bank default. The Group measured the provision for trade acceptance notes based on the lifetime ECL. The provision for bad debts of notes receivables in current year was RMB1,500,000 (31 December 2022: RMB2,297,000), and the provision for bad debts of notes receivables was included in loss of RMB1,102,000 (2022: profit of RMB332,000) for the current period.

### 5. Account receivables

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

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

	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
	<b>24,120,988</b>	<b>23,277,217</b>

As at 31 December 2023, account receivables that is individually significant with ageing over 3 years were account receivables from China Topcan Investment Ltd. by CIMC Tianda, totalling RMB118,797,000. The Group has made provision for the ECL individually at 100% based on ageing, repayment ability, repayment plans and the performance of related repayment plans and subsequent recovery.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

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

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

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

In 2023 and 2022, the Group had no account receivables derecognised due to transfer of financial assets.

- (d) Provision for bad debts

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

The provision for bad debts of account receivables are analysed by category as follows:

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Accrual rate	Amount	% of total balance	Amount	Accrual rate
Provision for bad debts individually assessed (i)	749,725	3.11%	387,208	51.65%	564,722	2.43%	248,026	43.92%
Provision for bad debts collectively assessed (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%

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

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

(i) As at 31 December 2023, provision for bad debts of account receivables individually assessed is as follows:

	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	(1)
Logistics services business	17,830	100.00%	17,830	
Offshore engineering business	24,019	100.00%	24,019	
	749,725		387,208	

(1) This item mainly represents credit impairment losses for the full balance of account receivables of China Topcan Investment Ltd. Please refer to Note IV.(5)(a).

(ii) As at 31 December 2023, provision for bad debts of account receivables collectively assessed is analysed as follows:

Collectively assessed 1 – Containers manufacturing business:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	378,637	0.57%	2,174	1,090,325	0.57%	6,223
Overdue for 3 to 12 months	491,472	2.28%	11,224	683,708	2.28%	15,613
Overdue for 1 to 2 years	172,289	6.17%	10,631	137,231	5.59%	7,671
Overdue for 2 to 3 years	340	100.00%	340	-	-	-
	5,489,368		27,070	5,816,000		31,016

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

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

(ii) As at 31 December 2023, provision for bad debts of account receivables collectively assessed is analysed as follows: (Continued)

Collectively assessed 2 – Road transportation vehicles business:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	298,745	8.17%	24,410	165,745	5.09%	8,442
Overdue for 3 to 12 months	455,569	8.17%	37,224	307,093	5.09%	15,643
Overdue for 1 to 2 years	62,551	36.80%	23,021	114,183	29.23%	33,377
Overdue for 2 to 3 years	42,537	77.14%	32,812	8,506	82.45%	7,013
Overdue for 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
	<b>3,882,245</b>		<b>259,017</b>	<b>3,221,949</b>		<b>173,102</b>

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

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	114,952	2.96%	3,403	146,035	6.23%	9,091
Overdue for 3 to 12 months	242,484	4.46%	10,815	201,037	8.96%	18,017
Overdue for 1 to 2 years	46,491	17.46%	8,119	67,118	29.72%	19,948
Overdue for 2 to 3 years	17,594	25.83%	4,545	63,522	46.18%	29,337
Overdue for 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
	<b>3,403,257</b>		<b>136,617</b>	<b>3,296,216</b>		<b>188,595</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

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

(ii) As at 31 December 2023, provision for bad debts of account receivables collectively assessed is analysed as follows: (Continued)

Collectively assessed 4 – Offshore engineering business:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	6,542	5.00%	327	-	-	-
Overdue for 3 to 12 months	4,299	5.00%	215	-	-	-
Overdue for 1 to 2 years	24,763	70.59%	17,479	-	-	-
Overdue for 2 to 3 years	-	-	-	19,714	75.15%	14,816
Overdue for 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
	<b>1,233,791</b>		<b>39,565</b>	<b>1,799,011</b>		<b>43,673</b>

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

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	267,553	5.51%	14,744	112,457	5.50%	6,181
Overdue for 3 to 12 months	319,338	5.51%	17,597	589,146	5.50%	32,386
Overdue for 1 to 2 years	258,335	19.05%	49,215	244,551	16.78%	41,037
Overdue for 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
	<b>3,157,634</b>		<b>236,897</b>	<b>3,144,213</b>		<b>197,410</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Account receivables (Continued)

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

(ii) As at 31 December 2023, provision for bad debts of account receivables collectively assessed is analysed as follows: (Continued)

Collectively assessed 6 – Logistics services business:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	143,779	1.00%	1,438	165,488	1.78%	2,947
Overdue for 3 to 12 months	148,336	1.00%	1,483	200,478	1.78%	3,570
Overdue for 1 to 2 years	64,171	20.00%	12,834	29,700	20.00%	5,940
Overdue for 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:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	45,363	3.00%	1,361	65,772	3.72%	2,448
Overdue for 3 to 12 months	45,436	3.00%	1,363	41,500	9.30%	3,858
Overdue for 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

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Account receivables (Continued)

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

(ii) As at 31 December 2023, provision for bad debts of account receivables collectively assessed is analysed as follows: (Continued)

Collectively assessed 8 – Others:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL 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 for 1 to 3 months	31,768	1.17%	371	43,675	5.36%	2,341
Overdue for 3 to 12 months	30,610	1.17%	359	47,846	8.13%	3,888
Overdue for 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
	<b>2,019,806</b>		<b>9,958</b>	<b>2,064,875</b>		<b>30,866</b>

(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 account receivables amounted to RMB24,435,000 was written off in current year (2022: RMB179,963,000), the provision for bad debts 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 had no account receivables pledged to the bank as a guarantee for short-term borrowings (2022: Nil).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 6. Receivables financing

	31 December 2023	31 December 2022
Bank acceptance notes	1,062,982	629,742
Less: Provision for bad debts	(724)	(775)
	<b>1,062,258</b>	<b>628,967</b>

Some subsidiaries of the Group discounted and endorsed bank acceptance notes and trade acceptance notes for the needs of daily fund management, and met the conditions of derecognition. Therefore, the bank acceptance notes and trade acceptance notes of the subsidiaries were classified as financial assets at fair value through other comprehensive income.

As at 31 December 2023, as the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. The Group believes that there was no significant credit risk of the bank acceptance notes and will not cause significant losses due to bank default. The Group measured the provision for bad debts of RMB724,000 (31 December 2022: RMB775,000) according to the lifetime ECL, with RMB51,000 (2022: RMB644,000) recognised in profit or loss.

The Group pledged some bank acceptance notes to the bank for the issuance of bank acceptance notes. As at 31 December 2023, the amount of pledged bank acceptance notes receivables disclosed in receivables financing was RMB2,000,000 (31 December 2022: RMB7,309,000).

As at 31 December 2023, except for Note IV.4(b), the Group's bank acceptance notes endorsed or discounted but not yet due was RMB2,986,240,000 and all were derecognised.

	Derecognised	Not derecognised
Bank acceptance notes	2,986,240	-

In 2023, the Group did not write off significant receivables financing (2022: Nil).



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables

	31 December 2023	31 December 2022
Security deposits	804,325	908,622
Receivables arising from financing for related parties	702,715	429,690
Disbursements	315,398	345,632
Dividends receivable	382,747	312,302
Loans	121,913	237,087
Tax refund receivables	166,425	153,487
Interest receivable	4,787	19,219
Government grants receivable	18,388	16,222
Receivables from demolition compensation	14,202	1,347
Receivables from share capital increase/ transfer	–	120
Assets purchased under reverse repurchase agreements	1,163,718	–
Others	1,169,875	1,152,825
Sub-total	4,864,493	3,576,553
Less: Provision for bad debts	(295,383)	(323,829)
	4,569,110	3,252,724

The Group did not include funds in other parties and present them on other receivables as a result of the centralised fund management.

(1) The ageing analysis of other receivables was as follows:

	31 December 2023	31 December 2022
Within 1 year	4,378,044	3,220,634
1 to 2 years	243,225	153,638
2 to 3 years	48,645	22,180
Over 3 years	194,579	180,101
	4,864,493	3,576,553

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables (Continued)

## (2) Loss provision and changes in book balance

The provision for other receivables are analysed by category as follows:

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total	Amount	Accrual rate	Amount	% of total	Amount	Accrual rate
		balance				balance		
Provision for bad debts individually assessed (i)	2,735,917	56%	(187,022)	7%	1,397,418	39%	(210,739)	15%
Provision for bad debts collectively assessed (ii)	2,128,576	44%	(108,361)	5%	2,179,135	61%	(113,090)	5%
	4,864,493	100%	(295,383)	6%	3,576,553	100%	(323,829)	9%

	First stage					Third stage					
	ECL in the next 12 months (collectively assessed)		ECL in the next 12 months (individually assessed)		Sub-total	Lifetime ECL (suffered credit impairment) (collectively assessed)		Lifetime ECL (suffered credit impairment) (individually assessed)		Sub-total	Total
	Provision		Provision			Provision		Provision			
	Book balance	for bad debts	Book balance	for bad debts	for bad debts	Book balance	for bad debts	Book balance	for bad debts	for bad debts	for bad debts
	31 December 2022	2,145,102	95,052	1,112,149	24,923	119,975	34,033	18,038	285,269	185,816	203,854
Increase in current year	27,344,305	17,477	1,827,258	27,927	45,404	9,400	4,810	-	-	4,810	50,214
Decrease in current year	(27,376,735)	(18,200)	(420,079)	(20,884)	(39,084)	(27,529)	(8,816)	(68,680)	(30,760)	(39,576)	(78,660)
Including: Write-off in current year	-	-	-	-	-	(1,427)	(1,427)	-	-	(1,427)	(1,427)
Transfer to the third stage	-	-	-	-	-	-	-	-	-	-	-
31 December 2023	2,112,672	94,329	2,519,328	31,966	126,295	15,904	14,032	216,589	155,056	169,088	295,383

(i) As at 31 December 2023, the Group had no other receivables transferred to the first stage.

As at 31 December 2023 and 31 December 2022, the Group had no other receivables at the second stage.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables (Continued)

#### (2) Loss provision and changes in book balance (Continued)

As at 31 December 2023 and 31 December 2022, provision for bad debts of other receivables individually assessed is as follows:

(ii) As at 31 December 2023, provision for bad debts of other receivables individually assessed is as follows:

First stage	Book balance	ECL rate in the next 12 months	Provision for bad debts
Receivables arising from financing for related parties	599,866	2.44%	14,630
Security deposits	269,533	5.99%	16,140
Tax refund receivables	447	–	–
Disbursements	39,163	1.70%	665
Assets purchased under reverse repurchase agreements	1,163,718	–	–
Receivables from demolition compensation	500	–	–
Others	446,101	0.12%	531
	2,519,328		31,966

Third stage	Book balance	Lifetime ECL rate	Provision for bad debts
Security deposits	6,370	100.00%	6,370
Receivables arising from financing for related parties	20,354	65.72%	13,376
Disbursements	2,200	100.00%	2,200
Loans	2,848	45.01%	1,282
Others	184,817	71.33%	131,828
	216,589		155,056

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables (Continued)

## (2) Loss provision and changes in book balance (Continued)

(ii) As at 31 December 2022, provision for bad debts of other receivables individually assessed is as follows:

First stage	Book balance	ECL rate in the next 12 months	Provision for bad debts
Receivables arising from financing for related parties	368,166	2.68%	9,856
Security deposits	424,238	3.07%	13,015
Tax refund receivables	133,768	–	–
Disbursements	107,574	0.10%	111
Receivables from demolition compensation	574	–	–
Others	77,829	2.49%	1,941
	1,112,149		24,923
Third stage	Book balance	Lifetime ECL rate	Provision for bad debts
Security deposits	64,111	99.18%	63,586
Receivables arising from financing for related parties	60,510	65.50%	39,636
Disbursements	2,200	100.00%	2,200
Others	158,448	50.74%	80,394
	285,269		185,816

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Other receivables (Continued)

#### (2) Loss provision and changes in book balance (Continued)

(iii) As at 31 December 2023 and 31 December 2022, provision for bad debts of other receivables collectively assessed is as follows:

	31 December 2023			31 December 2022		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>First stage</b>						
Security deposits	524,295	33,664	6.42%	420,273	6,697	1.59%
Dividends receivable	382,747	-	-	312,302	-	-
Disbursements	269,796	3,513	1.30%	235,858	521	0.22%
Tax refund receivables	165,978	-	-	19,719	-	-
Interest receivable	4,787	-	-	19,219	-	-
Government grants receivable	18,388	787	4.28%	16,222	734	4.52%
Receivables arising from financing for related parties	82,495	2,062	2.50%	1,014	-	-
Receivables from demolition compensation	13,702	-	-	773	-	-
Receivables from share capital increase/transfer	-	-	-	120	-	-
Loans	111,527	3,035	2.72%	211,420	4,757	2.25%
Others	538,957	51,268	9.51%	908,182	82,343	9.07%
	<b>2,112,672</b>	<b>94,329</b>		<b>2,145,102</b>	<b>95,052</b>	

	31 December 2023			31 December 2022		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
<b>Third stage</b>						
Security deposits	4,127	4,127	100.00%	-	-	-
Loans	7,538	5,666	75.17%	25,667	9,672	37.68%
Disbursements	4,239	4,239	100.00%	-	-	-
Others	-	-	100.00%	8,366	8,366	100.00%
	<b>15,904</b>	<b>14,032</b>		<b>34,033</b>	<b>18,038</b>	

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. Other receivables (Continued)

- (3) The provision for bad debts in current year amounted to RMB50,214,000 (2022: RMB95,178,000). The provision for bad debts amounted to RMB77,233,000 has been collected or reversed (2022: RMB40,645,000). No significant other receivables were collected or reversed.
- (4) Other receivables amounted to RMB1,427,000 was written off in current year (2022: RMB7,614,000), the provision for bad debts amounted to RMB1,427,000 in current year (2022: RMB7,614,000), and no significant other receivables were written off.
- (5) As at 31 December 2023, the five largest balances of other receivables are analysed as follows, accumulated by arrearage parties:

	Note	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Third-party securities companies		Assets purchased under reverse repurchase agreements	1,168,806	Within 1 year (inclusive)	25.58%	-
Yangzhou Jichuang Industrial Park Development Co., Ltd.		Receivables arising from financing for related parties	665,272	Within 1 year (inclusive), 1 to 2 years (inclusive)	14.56%	18,076
Yangzhou Jizhi Property Co., Ltd.		Loans	111,527	1 to 2 years (inclusive)	2.44%	3,035
Tianjin Zhaoyin Jinyi Equipment Leasing Co., Ltd.		Guarantees	189,013	Within 1 year (inclusive)	4.14%	-
Dongguan CIMC Innovation Industrial Park Development Co., Ltd.		Reimbursed expenses	75,416	3 to 5 years (inclusive)	1.65%	-
			2,210,034		48.37%	

- (i) Yangzhou Jichuang Industrial Park Development Co., Ltd. is a subsidiary of CIMC Industry & City (Note VIII.5(2)).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Advances to suppliers

	31 December 2023	31 December 2022
Advances to suppliers	8,690,138	6,054,873
Less: Impairment provision	(206,508)	(31,392)
	<b>8,483,630</b>	<b>6,023,481</b>

(1) Ageing analysis of advance to suppliers was as follows:

	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	7,251,614	83.45%	5,326,386	87.97%
1 to 2 years (inclusive)	793,145	9.13%	209,014	3.45%
2 to 3 years (inclusive)	165,579	1.90%	36,054	0.60%
Over 3 years	479,800	5.52%	483,419	7.98%
	<b>8,690,138</b>	<b>100.00%</b>	<b>6,054,873</b>	<b>100.00%</b>

The ageing is calculated from the date that advance to suppliers were recognised.

As at 31 December 2023, the advance to suppliers aged over one year amounted to RMB1,438,524,000 (31 December 2022: RMB728,487,000), mainly for the Group's prepayments for construction related to energy and chemical as well as raw materials and equipment related to the offshore engineering business. As the production cycle of projects in clean energy and chemical industries as well as offshore engineering projects is usually more than 1 year, these advance to suppliers have not yet been settled.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. Advances to suppliers (Continued)

- (2) As at 31 December 2023, the five largest balances of advance to suppliers are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Total of the five largest advance to suppliers	2,111,170	24.29%

## 9. Inventories

- (1) Inventories summarised by categories are as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount	Book balance	Provision for decline in the value of inventories and impairment of contract fulfilment costs	Carrying amount
Raw materials	7,015,656	(294,948)	6,720,708	6,629,625	(193,322)	6,436,303
Finished goods and stocks	6,618,194	(110,744)	6,507,450	6,449,091	(70,858)	6,378,233
Products in progress	4,055,716	(80,252)	3,975,464	3,505,007	(70,012)	3,434,995
Offshore engineering project	1,186,889	(512,908)	673,981	1,814,976	(1,061,959)	753,017
Spare parts	431,049	(3,804)	427,245	367,153	(4,712)	362,441
Contract fulfilment costs (i)	298,233	(10,486)	287,747	265,696	-	265,696
Commissioned processing materials	281,293	(65)	281,228	254,888	(65)	254,823
Products under development in the industrial park	231,103	(3,064)	228,039	299,828	(3,064)	296,764
Completed products in the industrial park	63,618	(10,508)	53,110	30,663	(10,508)	20,155
Low-valued consumables	32,079	(1,067)	31,012	54,161	(1,067)	53,094
Materials in transit	14,118	-	14,118	76,027	-	76,027
	20,227,948	(1,027,846)	19,200,102	19,747,115	(1,415,567)	18,331,548

- (i) The book balance of contract fulfilment costs is mainly the transportation costs incurred before the control of the goods is transferred to the customer, and the transportation costs incurred for the fulfilment of the sales contract and the engineering design expenses incurred for the completion of the engineering project. In 2023, the amortisation of contract fulfilment costs included in cost of sales totalled RMB462,132,000 (2022: RMB645,192,000).



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 9. Inventories (Continued)

(2) Provision for decline in the value of inventories and impairment of contract fulfilment costs are as follows:

Category	31 December 2022	Increase in current year	Decrease in current year		Translation difference of foreign currency statements	31 December 2023
			Reversal	Write-off		
Raw materials	193,322	167,745	(18,685)	(49,962)	2,528	<b>294,948</b>
Products in progress	70,012	16,156	(5,830)	(804)	718	<b>80,252</b>
Finished goods and stocks	70,858	77,958	(5,423)	(35,682)	3,033	<b>110,744</b>
Commissioned processing materials	65	–	–	–	–	<b>65</b>
Spare parts	4,712	–	(1,139)	–	231	<b>3,804</b>
Low-valued consumables	1,067	–	–	–	–	<b>1,067</b>
Completed products in the industrial park	10,508	–	–	–	–	<b>10,508</b>
Products under development in the industrial park	3,064	–	–	–	–	<b>3,064</b>
Offshore engineering project	1,061,959	–	–	(585,541)	36,490	<b>512,908</b>
Contract fulfilment costs	–	10,486	–	–	–	<b>10,486</b>
	<b>1,415,567</b>	<b>272,345</b>	<b>(31,077)</b>	<b>(671,989)</b>	<b>43,000</b>	<b>1,027,846</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. Inventories (Continued)

(3) Provision for decline in the value of inventories is as follows:

(a) In 2023, the provision for decline in the value of the Group's inventories was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

Reversal/Write-off of provision for decline in the value of the Group's inventories during the year is as follows:

Category	Basis for determining net realisable value	Reason for reversal/write-off
Raw materials	Market price	Increase in realisable value/usage or sales of inventories
Products in progress	The estimated selling price of the finished product less the estimated cost to completion, estimated selling and distribution expenses and related taxes	Increase in realisable value/usage or sales of inventories
Finished goods and stocks	Market price	Increase in realisable value/usage or sales of inventories
Spare parts	Market price	Increase in realisable value/usage or sales of inventories
Low-valued consumables	Market price	Increase in realisable value/usage or sales of inventories
Products completed (under development) in the industrial park	The estimated selling price of the finished product less the estimated costs to be incurred at completion, estimated selling expenses and related taxes	Increase in realisable value/usage or sales of inventories
Offshore engineering project	Market price and estimated selling price of finished goods less estimated costs to completion, estimated selling and distribution expenses and related taxes	Increase in realisable value/usage or sales of inventories

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Contract assets

	31 December 2023	31 December 2022
Contract assets	7,281,975	4,008,341
Less: Contract assets impairment provision	(83,802)	(80,503)
	<b>7,198,173</b>	<b>3,927,838</b>

Regardless of whether there is a significant financing component in the contract assets, the Group measures the loss provision based on the lifetime ECL.

The business related to airport facilities and logistics equipment, fire safety and rescue equipment and customers usually agree to settle in stages. The typical settlement time points include: (1) prepay 10% – 30% of the contract price after the contract is signed; (2) prepay 60% – 70% of the contract price when the equipment arrives at the project site and passes the acceptance; (3) prepay 70% – 85% of the contract price if the project passes the preliminary acceptance; (4) prepay 90% – 95% of the contract price when the project passes the final acceptance; (5) when the warranty period of the project ends, the remaining contract price shall be paid. During project implementation, when the received or receivable contract price exceeds the completed labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised as contract assets.

Offshore engineering related businesses are usually settled in stages as agreed in the contract. Typical settlement time points include: (1) prepay 5% – 30% of the contract price within 1–15 days after the contract takes effect/the contract is signed; (2) 15% – 60% of the contract price shall be paid after the commencement of the project and the steel plate is cut; (3) 45% – 70% of the contract price shall be paid after the laying and final position of the ship keel are confirmed by the classification society and the buyer's representative; (4) 90% – 95% of the contract price shall be paid after the project is launched and tested; (5) after the delivery protocol/the registration of the ship is completed, the remaining contract price shall be paid. During project implementation, when the received or receivable contract price exceeds the completed labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised as contract assets.

The businesses related to energy, chemical and liquid food equipment are usually settled in sections as agreed in the contract. The typical settlement time points include: (1) after the effective date of the contract, the advance payment shall be paid according to 20% – 30% of the total contract price; (2) when the equipment arrives at the project site and passes the acceptance, it shall be paid to 50% – 60% of the contract price; (3) 70% – 80% of the contract price will be paid if the project passes the preliminary acceptance; (4) 90% of the contract price will be paid if the project passes the final acceptance; (5) at the end of the project warranty period, the remaining contract price is paid, usually about 10%. During project implementation, when the received or receivable contract price exceeds the completed labour services, the excess part shall be recognised as contract liabilities, otherwise it shall be recognised as contract assets.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 10. Contract assets (Continued)

As at 31 December 2023, impairment provision of contract assets individually assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision
Energy, chemical and liquid food equipment	111,223	27.46%	30,544
Others	20,839	–	–
	132,062		30,544

As at 31 December 2022, impairment provision of contract assets individually assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision
Offshore engineering	1,779,125	0.05%	827
Airport facilities and logistics equipment, fire safety and rescue equipment	1,596	37.72%	602
Energy, chemical and liquid food equipment	138,302	36.54%	50,536
	1,919,023		51,965

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Contract assets (Continued)

As at 31 December 2023, impairment provision of contract assets collectively assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision
Offshore engineering	3,040,200	0.57%	17,221
Energy, chemical and liquid food equipment	2,232,791	1.10%	24,582
Airport facilities and logistics equipment, fire safety and rescue equipment	1,403,220	0.82%	11,455
Others	473,702	–	–
	<b>7,149,913</b>		<b>53,258</b>

As at 31 December 2022, impairment provision of contract assets collectively assessed is as follows:

	Book balance	Lifetime ECL rate	Impairment provision
Energy, chemical and liquid food equipment	1,042,334	2.05%	21,402
Airport facilities and logistics equipment, fire safety and rescue equipment	1,046,984	0.68%	7,136
	<b>2,089,318</b>		<b>28,538</b>

In 2023, the Group had not write off significant contract assets (2022: Nil).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 11. Assets held for sale

## Gulf Driller V Pte. Ltd.

On 8 December 2022, Gulf Driller V Pte Ltd., a subsidiary of the Group, and Tianjin Neptune Leasing Co., Ltd. entered into an irrevocable transfer agreement that was not completed for delivery due to the delay in the buyer's operational requirements. However, on 28 December 2023, a supplemental agreement was signed by both parties to maintain the original contract price of USD62,000,000. The asset transfer will be completed within 2024, and the Group classified it as an assets held for sale.

	31 December 2023			Carrying amount
	Carrying amount immediately before classifying as held for sale	Provision for impairment of assets held for sale	Translation difference of foreign currency statements	
Jack-up drilling platform	521,589	(133,037)	13,623	402,175

## 12. Current portion of non-current assets

	31 December 2023	31 December 2022
Sales of goods by installments	82,315	92,392
Less: Impairment provision	(4,825)	(3,486)
	77,490	88,906

## 13. Other current assets

	31 December 2023	31 December 2022
Tax to be deducted/withheld	1,329,748	953,850
Others	472,056	351,468
	1,801,804	1,305,318

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 14. Other equity investments

	31 December 2023	31 December 2022
<b>Unlisted company equity</b>		
– Bank of Communications Schroder Fund Management Co., Ltd. (“ <b>BOCM Schroder</b> ”)	321,414	332,776
– China United International Rail Containers Co., Ltd. (“ <b>CR Intermodal</b> ”)	378,272	318,945
– Shenzhen CIMC Intelligent Technology Co., Ltd.	44,580	49,716
<b>Listed company equity</b>		
– Jade Bird Fire (i)	899,225	1,398,917
– Shoucheng Holdings Limited (“ <b>Shoucheng Holdings</b> ”)	298,691	355,712
– China Railway Special Cargo Services Co., Ltd. (“ <b>China Railway Special Cargo</b> ”)	168,000	172,800
– CSG Holding Co., Ltd. (“ <b>CSG Holding</b> ”)	57,570	69,353
– Otto Energy Limited	1,051	829
	<b>2,168,803</b>	<b>2,699,048</b>

#### (1) Investment in non-trading equity instruments

	31 December 2023	31 December 2022
BOCM Schroder		
– Historical cost	8,125	8,125
– Accumulated changes in fair value	313,289	324,651
	<b>321,414</b>	<b>332,776</b>

	31 December 2023	31 December 2022
CR Intermodal		
– Historical cost	380,780	380,780
– Accumulated changes in fair value	(2,508)	(61,835)
	<b>378,272</b>	<b>318,945</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 14. Other equity investments (Continued)

## (1) Investment in non-trading equity instruments (Continued)

	31 December 2023	31 December 2022
<b>Shenzhen CIMC Intelligent Technology Co., Ltd.</b>		
– Historical cost	11,700	11,700
– Accumulated changes in fair value	32,880	38,016
	<b>44,580</b>	<b>49,716</b>
<b>Jade Bird Fire (i)</b>		
– Historical cost	1,200,000	1,200,000
– Accumulated changes in fair value	(300,775)	198,917
	<b>899,225</b>	<b>1,398,917</b>
<b>Shoucheng Holdings</b>		
– Historical cost	191,383	191,383
– Accumulated changes in fair value	107,308	164,329
	<b>298,691</b>	<b>355,712</b>
<b>China Railway Special Cargo</b>		
– Historical cost	161,563	161,563
– Accumulated changes in fair value	6,437	11,237
	<b>168,000</b>	<b>172,800</b>
<b>CSG Holding</b>		
– Historical cost	67,407	67,407
– Accumulated changes in fair value	(9,837)	1,946
	<b>57,570</b>	<b>69,353</b>

- (i) The Group purchased restricted shares of Jade Bird Fire (with restricted share trade period of 6 months) from the open market on 21 November 2022, and the shareholding of the Group in Jade Bird Fire was 8.57%. The Group does not participate in or influence the financial and operating decisions of the above-mentioned companies in any way, so the Group has no significant influence on them. For the consideration of strategic investment, it is accounted for as other equity investments.



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15. Other non-current financial assets

	31 December 2023	31 December 2022
Equity investment that is measured at fair value and whose changes are included in the current profit and loss (i)	432,238	125,943
Exchange rate/interest rate swap contracts (Note IV.3)	22,086	117
	<b>454,324</b>	<b>126,060</b>

(i) It's equity investment by the Group.

If the financial assets held by the Group is more than one year from the balance sheet date and is expected to be held for more than one year, it is presented as other non-current financial assets, and the rest will be presented as financial assets held for trading.

### 16. Long-term equity investments

		31 December 2023	31 December 2022
Joint ventures	(1)	790,101	658,573
Associates	(2)	11,430,451	10,095,030
		<b>12,220,552</b>	<b>10,753,603</b>
Less: Impairment provision for long-term equity investments		<b>(223,696)</b>	<b>(221,976)</b>
		<b>11,996,856</b>	<b>10,531,627</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (1) Joint ventures

	Movements for the year									Ending balance of impairment provision	
	31 December 2022	Increase/Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Share of other changes in equity	Declared cash dividends or profits	Provision for impairment	Other changes	Translation difference of foreign currency statements		31 December 2023
Jiangsu Wanjiang Technology Co., Ltd.	8,523	-	(434)	-	-	-	-	-	-	8,089	-
NYK Zhenhua Logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	66,682	-	(4,431)	-	-	-	-	-	-	62,251	-
'K' Line Zhenhua Logistics (Tianjin) Co., Ltd.	20,136	-	(2,291)	-	-	-	-	(17,845)	-	-	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	14,760	-	2,410	-	-	(2,771)	-	-	-	14,399	-
Dalian Jilong & Baijian Logistics Co., Ltd.	2,706	-	-	-	-	-	-	-	-	2,706	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	11,135	-	(666)	-	-	-	-	-	-	10,469	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	5,139	(5,105)	-	(42)	-	-	-	-	8	-	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership (Limited Partnership)	50,064	-	(37,564)	-	-	-	-	-	-	12,500	-
Shenzhen CIMC Lvmal Logistics and Intelligent Transportation Private Equity Investment Fund Partnership (Limited Partnership)	31,513	(1,077)	(1,421)	-	-	-	-	-	-	29,015	-
Shenzhen Xinghuo Chelian Technology Co., Ltd.	868	-	(109)	-	(759)	-	-	-	-	-	-
Yantai Jinghai Ocean Fishery Co., Ltd.	147,950	134,400	(2,012)	-	-	-	-	-	-	280,338	-
Shenzhen Tianyi Changmao Investment Partnership (Limited Partnership)	1,006	-	6	-	-	-	-	-	-	1,012	-
Gongqingcheng CIMC Water Investment Environmental Protection Industry Investment Partnership	69,097	-	847	-	-	-	-	-	-	69,944	-
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	100,005	-	10	-	-	-	-	-	-	100,015	-
Shenzhen Aerospace Smart City System Technology Research Institute Co., Ltd.	87,192	-	1,057	-	-	-	-	-	-	88,249	-
Goldswan Autoparts Manufacture Co., Ltd.	41,797	-	(1,000)	-	-	-	-	-	767	41,564	-
Xiamen CIMC Haitou Container Service Co., Ltd.	-	-	-	-	-	-	-	21,720	-	21,720	-
Dalian Jilong Logistics Co., Ltd.	-	-	-	-	-	-	-	20,740	-	20,740	(20,740)
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	-	-	-	-	-	-	-	1,494	-	1,494	-
Dafei Lutong (Tianjin) Logistics Co., Ltd.	-	-	-	-	-	-	-	18,477	-	18,477	-
Ant Supply Chain (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	7,119	-	7,119	-
	658,573	128,218	(45,598)	(42)	(759)	(2,771)	-	51,705	775	790,101	(20,740)

Refer to Note VI.2 for equity in joint ventures.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 16. Long-term equity investments (Continued)

##### (2) Associates

	Movements for the year							31 December 2023	Ending balance of impairment provision	
	31 December 2022	Increase/Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Other changes			Translation difference of foreign currency statements
Xinyang Wood Hong Kong Co., Ltd.	4,927	-	-	-	-	-	-	98	5,025	-
"K" Line Zhenhua Logistics (Tianjin) Co., Ltd.	-	-	-	-	-	-	17,845	-	17,845	-
Xiamen CIMC Haitou Container Service Co., Ltd.	20,267	-	3,668	-	(2,215)	-	(21,720)	-	-	-
Dalian Jilong Logistics Co., Ltd.	20,740	-	-	-	-	-	(20,740)	-	-	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,178	-	316	-	-	-	(1,494)	-	-	-
Dafei Lutong (Tianjin) Logistics Co., Ltd.	14,697	-	11,535	-	(7,755)	-	(18,477)	-	-	-
Shenzhen CIMC Industry & City Development Group Co., Ltd. (i)	6,637,492	-	37,612	3,261	(90,500)	-	-	-	6,587,865	-
Ocean En-Tech	47,764	-	4,998	-	(1,672)	-	-	629	51,719	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	-	2	(2)
LiHua Gas Storage and Transportation Co., Ltd.	111,415	-	-	-	-	-	-	-	111,415	(111,415)
Qingdao Port International Trade and Logistics Co., Ltd.	64,610	-	12,433	-	(3,804)	-	-	-	73,239	-
Jiahua Shipping Co., Ltd.	87,804	-	591	(3,297)	-	-	-	(885)	84,213	(57,940)
Chifeng Lvlianyuan Farm Co., Ltd.	7,320	-	107	-	-	-	-	-	7,427	(355)
North Sea Rigs AS	5,171	-	(3,532)	-	-	-	-	(194)	1,445	-
Shenzhen City Road Show China Internet Technology Co. Ltd.	5,439	(1,996)	(3,443)	-	-	-	-	-	-	-
Beijing Boxcool Exhibition Co., Ltd.	12,881	-	146	-	-	-	-	-	13,027	(6,169)
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	1,543	-	33	-	-	-	-	-	1,576	(910)
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen Bamboo Industry")	4,730	-	-	-	-	-	-	-	4,730	-
Mori (Shanghai) International Trade Co., Ltd.	626	-	127	-	-	-	-	-	753	-
Sichuan Zhongyixinwei Energy Co., Ltd. ("Zhongyixinwei")	25,091	(25,091)	-	-	-	-	-	-	-	-
Hengain CIMC Ruidexin Innovative Venture Capital Fund, LP.	23,963	-	(111)	-	-	-	-	-	23,852	-
Qingdao Port International Trade Logistics Ltd.	11,229	-	4,273	(268)	(2,397)	-	-	-	12,837	-
Cela S.r.L.	39,265	(44,182)	3,606	-	-	-	-	1,311	-	-
OOS International Holding ("OOS International")	3,733	-	-	-	-	-	-	45	3,778	-
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	27,428	-	7,120	-	(8,935)	-	-	-	25,613	-

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (2) Associates (Continued)

	Movements for the year							31 December 2023	Ending balance of impairment provision
	31 December 2022	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Other changes		
Nantong CIMC Yike New Material Development Co., Ltd. ("Yike New Material")	17,224	-	4,914	-	(7,006)	-	-	15,132	-
CIMC Dongshan (Shanghai) Shipping Co., Ltd.	14,918	-	-	-	-	-	-	14,918	(12,589)
Tianjin Binhai COSCO Container Logistics Co., Ltd.	29,549	-	314	-	(111)	-	-	29,752	-
Guizhou Yinke Environmental Resources Co., Ltd.	20,955	-	(2,229)	-	-	(1,063)	-	18,726	(13,576)
Yichuan Tianyun Clean Energy Co., Ltd.	42,397	-	34,987	-	-	-	-	77,384	-
Ningbo Beilun Donghua Container Service Co., Ltd.	5,388	-	919	-	(1,202)	-	-	5,105	-
Shenzhen Zhonglian Industry-University- Research Technology Co., Ltd.	71	-	15	-	-	-	-	86	-
Chongqing Changzu Feiyue Technology	3,464	-	673	-	-	-	-	4,137	-
Qingdao Senkete Intelligent Instrument Co., Ltd.	14,895	-	1,592	-	(1,050)	-	-	15,437	-
Xuzhou Lugang Shillanda Logistics Development Co., Ltd.	5,430	-	1,450	-	-	-	-	6,880	-
Hongjing Zhiye (Beijing) Multimodal Transport Consulting Co., Ltd.	2,184	-	1,098	-	(541)	-	-	2,741	-
Shanghai Ocean Engineering Equipment Manufacturing Innovation Center Co., Ltd.	6,041	-	(658)	-	-	-	-	5,383	-
Xinyu Tiangao Investment Management Partnership (Limited Partnership)	524	-	431	-	(36)	-	-	919	-
Zhongshiyun (Beijing) Investment Co., Ltd.	69,891	-	34,389	(1,232)	-	-	-	103,048	-
HuaSu Airport Air Service (Guangzhou) Co., Ltd.	3,671	1,200	(189)	-	-	-	-	4,682	-
ADS SUPPLY CHAZN (THAILAND) CO. LTD	2,197	-	6	-	-	-	32	2,235	-
Shanghai Hongji International Logistics Development Ltd.	2,732	-	(69)	-	-	-	-	2,663	-
Shenzhen Bay Angel Phase III Venture Capital Partnership (Limited Partnership)	29,318	45,000	7,491	-	-	-	-	81,809	-
Yantai Youtai Environmental Protection Technology Co., Ltd.	10,550	-	222	-	-	-	-	10,772	-
Shanghai Anji Marine Technology Co., Ltd.	434	-	55	-	(66)	-	-	423	-
ANDASHUN AMAZING LOGISTICS (VIETNAM) CO. LTD.	11,608	-	129	-	(2,501)	-	170	9,406	-
Guoke Yunji Chanrong Development (Shenzhen) Co., Ltd.	18,686	-	(1,223)	-	-	-	-	17,463	-
Shandong CIMC Green New Material Co., Ltd.	3,034	-	-	-	-	-	-	3,034	-

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (2) Associates (Continued)

	Movements for the year							31 December 2023	Ending balance of impairment provision	
	31 December 2022	Increase/Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Declared cash dividends	Provision for impairment	Other changes			Translation difference of foreign currency statements
Dali Bohai Precious Metal Technology Co., Ltd.	6,000	-	-	-	-	-	-	6,000	-	
Dongguan Ruizhuanxia Investment Co., Ltd.	5,017	-	119	-	-	-	-	5,136	-	
Shenzhen CIMC Hongyuan Advanced Intelligent Manufacture Private Equity Investment Fund Partnership (Limited Partnership)	29,997	-	(372)	-	-	-	-	29,625	-	
Ant Supply Chain (Shanghai) Co., Ltd.	9,516	-	(2,397)	-	-	-	(7,119)	-	-	
China Marine Engineering Equipment Technology Development Co., Ltd. (iii)	180,000	-	(8,236)	-	-	-	-	171,764	-	
Yantai Guma New Material Co., Ltd.	640	-	-	-	-	-	-	640	-	
CIMC-Hescom Hydrogen Technology Co., Ltd.	25,756	64,985	(6,704)	-	-	-	-	84,037	-	
CIMC CAPITAL Ltd.	1,943,558	-	177,782	27,796	(53,417)	-	6,120	2,101,839	-	
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	389,365	-	21,322	1,973	-	-	-	412,660	-	
Zhejiang Tengyinghui New Materials Co., Ltd.	6,955	-	10	-	-	-	-	6,965	-	
Stromtangeveien 38 AS	3,750	-	-	-	-	-	(1,139)	2,611	-	
C&C Trucks Co., Ltd. ("C&C Trucks") (ii)	-	850,000	(99,637)	-	-	-	-	750,363	-	
Guizhou Shuigang New Energy Co., Ltd.	-	250,000	-	-	-	-	-	250,000	-	
Shandong Xinneng Shipbuilding Co., Ltd.	-	90,134	-	-	-	-	-	90,134	-	
CIMC Runqing Shipping (Zhaoying) Co., Ltd.	-	36,495	(1,227)	-	-	-	-	35,268	-	
Luoyang CIMC Hongyuan Longchuang Technology Venture Capital Fund Partnership (Limited Partnership)	-	15,000	(109)	-	-	-	-	14,891	-	
Aigulu (Shanghai) Intelligent Technology Co., Ltd.	-	10,000	22	-	-	-	-	10,022	-	
	10,095,030	1,291,545	244,369	28,233	(183,208)	(1,063)	(51,705)	6,187	11,430,451	(202,956)

- (i) The Group's investment in CIMC Industry & City includes directly holding 45.92% of the equity in CIMC Industry & City and indirect holding of 34.44% – 62.14% of the equity of CIMC Industry & City subsidiary project company.
- (ii) On 12 October 2022, the Board of Directors approved the reorganisation of the subsidiaries of the Company, C&C Trucks and Chery Commercial Vehicle (Anhui) Co., Ltd., Wuhu Industrial Investment Fund Co., Ltd. and Wuhu Xingzhong Venture Investment Co., Ltd. The transaction was completed on 15 March 2023. The Company's shareholding in C&C Trucks decreased from 73.89% to 35.42%. C&C Trucks changed from a controlling subsidiary of the Company into an associate of the Company (Note V.2).
- (iii) On 27 August 2021, CIMC Offshore Engineering Co., Ltd., a subsidiary of the Company, as the main investor, participated in the establishment of China Marine Engineering Equipment Technology Development Co., Ltd., and agreed to contribute a registered capital of RMB1,800,000,000 with the initial capital contribution of RMB180,000,000 in place during the middle February 2022, and the remaining registered capital will be paid in full within 30 years from the date of issuing the business license.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Long-term equity investments (Continued)

## (3) Impairment provision of long-term equity investments

	31 December 2022	Increase in current year	Translation difference of foreign currency statements	31 December 2023
Dalian Jilong Logistics Co., Ltd.	20,740	–	–	20,740
Marine Subsea & Consafe Limited	2	–	–	2
LiHua Gas storage and Transportation Co., Ltd.	111,415	–	–	111,415
Jiahua Shipping Co., Ltd.	57,283	–	657	57,940
Chifeng Lvtianyuan Farm Co., Ltd.	355	–	–	355
Beijing Boxcool Exhibition Co., Ltd.	6,169	–	–	6,169
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	910	–	–	910
CIMC Donghan (Shanghai) Shipping Co., Ltd.	12,589	–	–	12,589
Guizhou Yinke Environmental Resources Co., Ltd.	12,513	1,063	–	13,576
	221,976	1,063	657	223,696

## 17. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
31 December 2022	1,219,548	233,459	1,453,007
Changes in fair value	(15,855)	(681)	(16,536)
Transferred from fixed assets	2,068	–	2,068
Transferred from construction in progress	861	–	861
Transfer to intangible assets	(3,438)	–	(3,438)
Transfer to fixed assets	(32,260)	–	(32,260)
Additions	2,559	–	2,559
Disposals for current year (i)	–	(36,336)	(36,336)
Translation difference of foreign currency statements	68	–	68
31 December 2023	1,173,551	196,442	1,369,993

- (i) In 2023, the Group disposed investment properties with a carrying amount of RMB36,336,000. The changes in fair value of the investment properties amounting to RMB8,343,000 were recognised in other comprehensive income at the initial transfer date, and transferred to profit or loss for current period (Note IV.47).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Investment properties (Continued)

In 2023 and 2022, no capitalisation was included in the borrowing costs of investment properties.

In 2023, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB16,536,000 (2022: RMB6,391,000).

As at 31 December 2023, the buildings and land use rights with carrying amount of about RMB191,576,000 (31 December 2022: RMB198,366,000) had not been entitled the property ownership certificates due to unfinished entitling procedures.

### 18. Fixed assets

	31 December 2023	31 December 2022
Fixed assets (a)	40,311,645	39,197,873
Disposals of fixed assets (b)	43,171	4,621
	<b>40,354,816</b>	<b>39,202,494</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 18. Fixed assets (Continued)

## (a) Fixed assets

	Buildings		Machinery and equipment		Office and other equipment		Motor vehicles		Offshore engineering equipment	Dock and wharf	Total
	For own use	For rent use	For own use	For rent use	For own use	For rent use	For own use	For rent use	For rent use	For own use	
Original cost											
31 December 2022	13,399,170	175,454	14,563,714	603,119	1,969,877	4,544	1,304,892	276,406	29,430,683	1,327,674	63,055,533
Increase in current year											
Additions	199,794	6,724	393,062	112,599	195,386	31,362	45,794	78,432	7,490	12,738	1,083,381
Business combination	47,190	-	6,239	-	2,555	-	11,025	-	-	-	67,009
Transferred from											
construction in progress	478,486	35,349	1,067,962	3,956	81,525	-	21,619	-	1,704,949	48,958	3,442,804
Investment property transferred for own use	32,260	-	-	-	-	-	-	-	-	-	32,260
Decrease in current year											
Disposals or scrapping	(82,941)	(448)	(405,401)	(72,083)	(94,646)	(12,344)	(88,101)	(14,870)	-	-	(770,834)
Transferred to investment properties (Note IV.(17))	(4,030)	-	-	-	-	-	-	-	-	-	(4,030)
Disposals of subsidiaries	-	-	(4,497)	-	(327)	-	(6,158)	-	-	-	(10,982)
(Decrease)/Increase in internal reclassification of fixed assets	(737)	737	(49,630)	(361,359)	(206,767)	772,261	3,325	(157,830)	-	-	-
Translation difference of foreign currency statements	42,699	-	52,009	3,790	29,004	-	15,500	-	543,469	385	686,856
31 December 2023	14,111,891	217,816	15,623,458	290,022	1,976,607	795,823	1,307,896	182,138	31,686,591	1,389,755	67,581,997
Accumulated depreciation											
31 December 2022	3,883,795	40,767	6,006,471	165,874	1,251,627	3,966	666,786	115,282	3,318,489	393,747	15,846,804
Depreciation	482,503	5,331	915,543	100,278	146,085	27,210	99,817	82,401	760,571	49,362	2,669,101
Disposals											
Transferred to investment properties (Note IV.(17))	(1,962)	-	-	-	-	-	-	-	-	-	(1,962)
Disposals or scrapping	(27,691)	-	(207,211)	(34,898)	(58,758)	(12,344)	(68,807)	(8,314)	-	-	(418,023)
Disposals of subsidiaries	-	-	(1,988)	-	(150)	-	(6,158)	-	-	-	(8,296)
(Decrease)/Increase in internal reclassification of fixed assets	(351)	351	38,794	(185,779)	(142,265)	302,670	(233)	(13,187)	-	-	-
Translation difference of foreign currency statements	12,327	-	42,358	250	6,513	-	2,228	-	65,100	2,420	131,196
31 December 2023	4,348,621	46,449	6,793,967	45,725	1,203,052	321,502	693,633	176,182	4,144,160	445,529	18,218,820



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Fixed assets (Continued)

#### (a) Fixed assets (Continued)

	Buildings		Machinery and equipment		Office and other equipment		Motor vehicles		Offshore engineering equipment	Dock and wharf	Total
	For own use	For rent use	For own use	For rent use	For own use	For rent use	For own use	For rent use	For rent use	For own use	
Impairment provision											
31 December 2022	230,925	-	25,017	-	35,953	-	1,339	-	7,717,622	-	8,010,856
Depreciation recognised in current year	-	-	16,633	-	-	-	-	-	-	-	16,633
Transferred from construction in progress	-	-	-	-	-	-	-	-	883,316	-	883,316
Disposals or scrapping	-	-	(6,244)	-	(988)	-	(425)	-	-	-	(7,657)
Translation difference of foreign currency statements	-	-	(77)	-	-	-	-	-	148,461	-	148,384
31 December 2023	230,925	-	35,329	-	34,965	-	914	-	8,749,399	-	9,051,532
Carrying amount											
31 December 2023	9,532,345	171,367	8,794,162	244,297	738,590	474,321	613,349	5,956	18,793,032	944,226	40,311,645
31 December 2022	9,284,450	134,687	8,532,226	437,245	682,297	578	636,767	161,124	18,394,572	933,927	39,197,873

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 18. Fixed assets (Continued)

## (a) Fixed assets (Continued)

In 2023, depreciation of fixed assets recognised amounted to RMB2,669,101,000 (2022: RMB2,572,243,000), of which RMB2,328,184,000, RMB48,114,000, RMB244,924,000 and RMB47,879,000 (2022: RMB2,274,128,000, RMB27,126,000, RMB209,768,000 and RMB61,221,000) had been charged in cost of sales, selling and distribution expenses, general and administrative expenses, and research and development expenses, respectively.

In 2023, the original cost of fixed assets transferred from construction in progress was RMB3,442,804,000 (2022: RMB7,312,202,000).

In 2023, the Group's fixed assets and construction in progress with an indication of impairment mainly arose from offshore engineering equipment. Each offshore engineering equipment was tested for impairment as an individual asset group. The management mainly considers leasing it to oil companies for oil exploration and other activities to determine the recoverable amount. After comparing the recoverable amount and carrying amount of offshore engineering equipment, no provision for impairment is made in current year.

For assets related to offshore engineering, the Group determines the revenue growth rate and gross profit margin based on the rental of similar platforms in the open market and the CIMC Group, market demand, utilisation rate and maintenance cost rate, historical peak and low rental. The discount rate refers to the pre-tax discount rate that reflects the specific risk of the asset. The key assumptions applied in calculating discounted future cash flows:

Compound revenue growth rates in the forecast period	-0.08% – 7.83%
Gross profit margin	32.05% – 63.44%
Pre-tax discount rate	8.15%

## (1) Temporarily idle fixed assets

As at 31 December 2023, the carrying amount of temporarily idle fixed assets, amounted to approximately RMB23,525,000 (original cost of RMB47,282,000) (31 December 2022: carrying amount of approximately RMB24,728,000 and original cost of RMB47,058,000). The following table presents the detail:

	Original amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	30,404	(8,510)	–	21,894
Machinery and equipment	15,620	(13,910)	(157)	1,553
Motor vehicles	86	(77)	–	9
Office and other equipment	1,172	(1,049)	(54)	69
	47,282	(23,546)	(211)	23,525

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Fixed assets (Continued)

#### (a) Fixed assets (Continued)

##### (2) Fixed assets with certificates of ownership unsettled

	Carrying amount	Reason for pending
Factory	944,722	Have not met the conditions of certificate; Put to use, certificate being in the progress
Workshop	408,654	Have not met the conditions of certificate; Put to use, certificate being in the progress
Office building	139,548	Put to use, certificate being in the progress
Dormitory and canteen	86,325	Put to use, certificate being in the progress
Warehouse	38,050	Put to use, certificate being in the progress
Others	22,195	Put to use, certificate being in the progress
	1,639,494	

(3) The buildings, machinery and equipment, office and other equipment, and motor vehicles signed by the Group as the lessor have no residual value guarantee clauses.

#### (b) Disposals of fixed assets

	31 December 2023	31 December 2022
Machinery and equipment	41,243	–
Motor vehicles	425	3,268
Office and other equipment	1,503	32
Offshore engineering equipment	–	1,321
	43,171	4,621

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Construction in progress

## (1) Construction in progress

	31 December 2023			31 December 2022		
	Original amount	Impairment provision	Carrying amount	Original amount	Impairment provision	Carrying amount
Ultra deep water drilling platform project	4,203,426	(1,576,382)	2,627,044	4,126,985	(1,547,715)	2,579,270
Enric low temperature plant renovation project	500,844	(42,122)	458,722	338,107	(42,122)	295,985
Construction project of Nantong Union new energy integration equipment	148,625	-	148,625	-	-	-
Dongguan southern CIMC Fenggang phase 2 project	34,983	-	34,983	147,008	-	147,008
Ningbo CIMC Longteng Twin Star Project	17,468	-	17,468	4,630	-	4,630
CIMCNB water-based paint coating line reconstruction and waste treatment project	11,852	-	11,852	17,991	-	17,991
Yangzhou CIMC new intelligent factory construction project	432	-	432	21,731	-	21,731
Jack-up platform	-	-	-	1,684,390	(872,666)	811,724
Others	1,184,780	-	1,184,780	862,540	-	862,540
	6,102,410	(1,618,504)	4,483,906	7,203,382	(2,462,503)	4,740,879

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 19. Construction in progress (Continued)

#### (2) Movement of significant projects of construction in progress during the year

	Budget amount	31 December 2022	Increase in current year	Transfer to fixed assets in current year	Other decreases in current year (i)	Translation difference of foreign currency statements	31 December 2023	Proportion of project investment to budget (%)	Progress of construction	Cumulative capitalised interest	Including: Capitalised interest in current year	Capitalised interest ratio	Source of funds
Ultra deep water drilling platform project	4,245,885	4,126,985	-	-	-	76,441	4,203,426	99%	99%	491,077	-	-	Self-funding & bank loan
Enric low temperature plant renovation project	791,019	338,107	395,522	(229,451)	(4,054)	720	500,844	63%	63%	7,275	-	-	Self-funding & bank loan
Construction project of Nantong Union new energy integration equipment	576,000	-	149,898	(1,273)	-	-	148,625	26%	26%	-	-	-	Self-funding
Dongguan southern CIMC Fenggang phase 2 project	722,523	147,008	122,016	(223,281)	(10,760)	-	34,983	97%	97%	-	-	-	Self-funding
Ningbo CIMC Longteng Twin Star Project	680,000	4,630	18,224	(5,386)	-	-	17,468	30%	30%	-	-	-	Self-funding
CIMCNB water-based paint coating line reconstruction and waste treatment project	365,460	17,991	9,478	(12,865)	(2,752)	-	11,852	93%	93%	-	-	-	Self-funding
Yangzhou CIMC new intelligent factory construction project	330,000	21,731	93,745	(82,558)	(32,486)	-	432	35%	35%	-	-	-	Self-funding
Jack-up platform	1,701,404	1,684,390	-	(1,704,947)	-	20,557	-	100%	100%	-	-	-	Self-funding
Others	4,672,249	862,540	1,707,429	(1,183,043)	(215,094)	12,948	1,184,780	25%	25%	2,813	2,813	3.75%	Self-funding & bank loan
	14,142,074	7,203,382	2,496,312	(3,442,804)	(265,146)	110,666	6,102,410			501,165	2,813		

(i) For other decreases in construction in progress during the year, RMB62,649,000 was transferred to intangible assets.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. Construction in progress (Continued)

## (3) Impairment provision of construction in progress

	Impairment provision of construction in progress					31 December 2023	Reason for provision
	31 December 2022	Increase in current year	Transfer to fixed assets in current year	Decrease in current year	Translation difference of foreign currency statements		
Ultra deep water drilling platform project	1,547,715	-	-	-	28,667	1,576,382	
Jack-up platform	872,666	-	(883,316)	-	10,650	-	Decrease in provision for impairment of construction in progress due to transfer to fixed assets of the jack-up H273 project in current year
Enric low temperature plant renovation project	42,122	-	-	-	-	42,122	
	2,462,503	-	(883,316)	-	39,317	1,618,504	

As at 31 December 2023, the Group mainly performed impairment testing for ultra deep water drilling platform and jack-up platform, the key parameters of which are detailed in Note IV.18.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Intangible assets and development expenditures

#### (1) Intangible assets

	Land use rights	Technical know-how, trademarks and software	Timber concession rights	Customer relationships	Customer contracts	Sea area use rights	Franchise rights	Total
Original cost								
31 December 2022	4,453,127	2,192,742	137,104	456,297	347,525	110,450	123,266	7,820,511
Business combination	4,033	53,595	-	37,805	-	-	15,180	110,613
Additions	1,576,832	79,687	-	-	-	-	-	1,656,519
Transferred from construction in progress	-	62,649	-	-	-	-	-	62,649
Transferred from investment properties	3,438	-	-	-	-	-	-	3,438
Internal research and development expenses	-	32,970	-	-	-	-	-	32,970
Disposals of subsidiaries	(589)	(153)	-	-	-	-	-	(742)
Disposals for current year	(44,523)	(3,729)	-	-	-	-	-	(48,252)
Other decreases	-	(37,189)	-	(241,755)	-	-	-	(278,944)
Translation difference of foreign currency statements	8,697	17,732	-	5,617	1,275	1	4,000	37,322
<b>31 December 2023</b>	<b>6,001,015</b>	<b>2,398,304</b>	<b>137,104</b>	<b>257,964</b>	<b>348,800</b>	<b>110,451</b>	<b>142,446</b>	<b>9,396,084</b>
Accumulated amortisation								
31 December 2022	1,095,049	1,351,947	32,730	413,812	294,122	39,404	31,629	3,258,693
Depreciation recognised in current year	126,814	138,460	-	5,416	1,139	1,795	3,793	277,417
Disposals of subsidiaries	(223)	(3)	-	-	-	-	-	(226)
Disposals for current year	(10,135)	(2,746)	-	-	-	-	-	(12,881)
Other decreases	-	(17,429)	-	(241,755)	-	-	-	(259,184)
Translation difference of foreign currency statements	1,579	15,062	-	3,330	1,275	14	2,353	23,613
<b>31 December 2023</b>	<b>1,213,084</b>	<b>1,485,291</b>	<b>32,730</b>	<b>180,803</b>	<b>296,536</b>	<b>41,213</b>	<b>37,775</b>	<b>3,287,432</b>
Impairment provision								
31 December 2022	-	32,800	104,374	36,265	52,264	-	4,685	230,388
Translation difference of foreign currency statements	-	2,580	-	1,722	-	-	-	4,302
<b>31 December 2023</b>	<b>-</b>	<b>35,380</b>	<b>104,374</b>	<b>37,987</b>	<b>52,264</b>	<b>-</b>	<b>4,685</b>	<b>234,690</b>
Carrying amount								
31 December 2023	4,787,931	877,633	-	39,174	-	69,238	99,986	5,873,962
31 December 2022	3,358,078	807,995	-	6,220	1,139	71,046	86,952	4,331,430

In 2023, amortisation expenses of intangible assets amounted to RMB277,417,000 (2022: RMB361,970,000).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 20. Intangible assets and development expenditures (Continued)

- (2) In 2023, the Group's additions to intangible assets were mainly land use rights acquired in Shenzhen Qianhai, with a carrying amount of RMB1,364,933,000 (original cost of RMB1,392,000,000) as at 31 December 2023.
- (3) As at 31 December 2023, the land use rights with a carrying amount of RMB1,453,679,000 (original price of RMB1,483,030,000) (31 December 2022: carrying amount of RMB190,898,000, original price of RMB316,216,000) had not been obtained.
- (4) As at 31 December 2023, the net intangible asset with indefinite useful lives was gas station franchise and a trademark right, which amounted to RMB209,829,000 (31 December 2022: RMB204,631,000).
- (5) As at 31 December 2023, the carrying amount of intangible assets with limited ownership amounted to RMB34,730,000 with the details in Note IV.27 (31 December 2022: RMB35,813,000).
- (6) As at 31 December 2023, intangible assets transferred from development expenditures within the Group accounted for 0.91% (2022: 0.47%) of the total carrying amount of intangible assets.
- (7) **Research and development expenses**

In 2023, the Group's total expenditures on research and development activities are presented by nature as follows:

	2023		
	Research and development expenses	Development expenditures	Total
Direct material consumption	944,395	1,476	945,871
Research and development labour costs	1,068,561	13,881	1,082,442
Depreciation and amortisation	85,286	–	85,286
Testing fee	127,116	–	127,116
Design fee	20,206	40	20,246
Others	183,588	4	183,592
	<b>2,429,152</b>	<b>15,401</b>	<b>2,444,553</b>



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Intangible assets and development expenditures (Continued)

#### (7) Research and development expenses (Continued)

In 2022, the Group's total expenses on research and development activities are presented by nature as follows:

	2022		
	Research and development expenses	Development expenditures	Total
Direct material consumption	1,078,240	5,902	1,084,142
Research and development labour costs	957,686	31,042	988,728
Depreciation and amortisation	146,030	18,300	164,330
Testing fee	66,802	893	67,695
Design fee	43,524	811	44,335
Others	170,946	220	171,166
	<b>2,463,228</b>	<b>57,168</b>	<b>2,520,396</b>

- (a) In 2023, the changes in the Group's development expenditures eligible for capitalisation are analysed as follows:

	31 December 2022	Increase in current year	Transfer to intangible assets in current year	<b>31 December 2023</b>
Project on energy and chemical technology	–	5,867	–	<b>5,867</b>
Others	35,779	9,534	(32,970)	<b>12,343</b>
	35,779	15,401	(32,970)	<b>18,210</b>

In 2023, there was no impairment of the Group's development expenditures (2022: Nil).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 21. Right-of-use assets

	Buildings	Land use rights	Offshore engineering equipment	Machinery and equipment	Motor vehicles	Office and other equipment	Total
Original cost							
31 December 2022	820,030	433,130	116,194	206,077	3,878	14,349	1,593,658
Additions from lease contract	395,238	49,228	14,871	57,566	703	15,893	533,499
Decrease in current year							
Lease changes	(178,518)	(24,798)	–	(40,091)	(46)	–	(243,453)
Other decreases	(11,057)	(1,420)	–	–	(537)	(2,012)	(15,026)
Translation difference of foreign currency statements	52,933	5,990	850	2,369	28	98	62,268
<b>31 December 2023</b>	<b>1,078,626</b>	<b>462,130</b>	<b>131,915</b>	<b>225,921</b>	<b>4,026</b>	<b>28,328</b>	<b>1,930,946</b>
Accumulated depreciation							
31 December 2022	363,705	163,128	53,893	132,388	1,406	4,498	719,018
Depreciation recognised in current year	195,189	48,389	26,321	25,042	1,082	7,141	303,164
Decrease in current year							
Lease changes	(132,729)	(25,886)	–	(28,542)	(864)	–	(188,021)
Other decreases	(10,625)	(1,016)	–	–	(21)	(1,224)	(12,886)
Translation difference of foreign currency statements	14,497	2,974	531	642	21	56	18,721
<b>31 December 2023</b>	<b>430,037</b>	<b>187,589</b>	<b>80,745</b>	<b>129,530</b>	<b>1,624</b>	<b>10,471</b>	<b>839,996</b>
Carrying amount							
31 December 2023	648,589	274,541	51,170	96,391	2,402	17,857	1,090,950
31 December 2022	456,325	270,002	62,301	73,689	2,472	9,851	874,640

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Goodwill

	31 December 2022	Increase in current year	Decrease in current year	Translation difference of foreign currency statements	31 December 2023
Enric	635,513	–	–	–	<b>635,513</b>
Vehicles UK	325,439	–	–	24,867	<b>350,306</b>
TGE SA	167,524	–	–	9,858	<b>177,382</b>
Bassoe	125,806	–	–	–	<b>125,806</b>
CIMC Wetrans Zelian International Logistics (Hong Kong) Co. Ltd. and CIMC Wetrans Zelian International Logistics (Shanghai) Co., Ltd.	221,250	–	–	–	<b>221,250</b>
Others	1,478,251	155,914	–	54,207	<b>1,688,372</b>
Sub-total	2,953,783	155,914	–	88,932	<b>3,198,629</b>
Less: Impairment provision					
Bassoe	125,806	–	–	–	<b>125,806</b>
TGE SA	51,760	–	–	3,046	<b>54,806</b>
Others	259,342	73,757	–	31,025	<b>364,124</b>
Sub-total	436,908	73,757	–	34,071	<b>544,736</b>
Net book value	2,516,875	82,157	–	54,861	<b>2,653,893</b>

The increase in goodwill in current year was mainly attributable to the acquisition of 51% equity in CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd. and 60% equity in Chengdu Lanshi Low-Temperature Technology Co., Ltd.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 22. Goodwill (Continued)

## (1) Impairment test of goodwill allocated to asset groups

All goodwill belongs to the Group has been allocated to relevant asset groups or combination of asset groups on the purchase date. There is no change in the allocation of goodwill in year 2023. According to the Segment Reporting (Note XV), the allocation is summarised as follows:

	31 December 2023	31 December 2022
Energy, chemical and liquid food equipment asset group	1,089,507	1,028,225
Logistics services asset group	498,106	457,606
Road transportation vehicles asset group	425,590	400,290
Airport, facilities, fire safety and automated logistics equipment asset group	260,244	322,332
Containers manufacturing asset group	167,278	166,463
Unit load business asset group	63,359	52,380
Asset groups with insignificant allocation percentage of goodwill group	149,809	89,579
	<b>2,653,893</b>	<b>2,516,875</b>

When doing goodwill impairment test, the Group compares the carrying amount of the relevant asset or combination of asset groups (including goodwill) with its recoverable amount. If the recoverable amount was less than the carrying amount, the related difference was recognised in current profit or loss (Note IV. 61).

The Group determines the growth rate and gross profit margin according to the historical experience and the forecast of market development. The growth rate in the forecast period is based on the five-year budget approved by the management. The growth rate in the stable period is the one that adopted after the forecast period, which is consistent with the forecast data in the industry report and does not exceed the long-term average growth rate of each product. The Group adopts the pre-tax interest rate as the discount rate, which can reflect the specific risk of the relevant asset group and combination of asset groups.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Goodwill (Continued)

#### (1) Impairment test of goodwill allocated to asset groups (Continued)

In 2023, the recoverable amounts of the Group's relevant asset groups of significant goodwill and the main assumptions applied in calculating discounted future cash flows were as follows:

	Vehicles UK
Forecast period revenue growth rate	-10.3% – 5%
Stable period revenue growth rate	2%
Gross profit margin	9.6% – 10.65%
Pre-tax discount rate	15.3%
Recoverable amount	839,534

The key assumption used in the significant cash generated units value-in-use calculations in year 2022 are as follows:

	Vehicles UK
Forecast period revenue growth rate	2% – 7%
Stable period revenue growth rate	2%
Gross profit margin	7.4% – 7.9%
Pre-tax discount rate	16%

Enric, a subsidiary of the Group, is a listed company on the stock exchange of Hong Kong. According to the number of Enric shares held by the Group and its market price as at 31 December 2023, the Group determined the recoverable amount of Enric's combination of asset groups (including goodwill). The carrying amount of the combination of asset groups (including goodwill) is calculated to be less than the recoverable amount, and there is no need to calculate the impairment (31 December 2022: no need to calculate the impairment).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 23. Long-term prepaid expenses

	31 December 2022	Increase in current year	Current year amortisation	Disposals of subsidiaries	Translation difference of foreign currency statements	31 December 2023
Yard facility expenses	51,594	6,501	(15,380)	–	466	43,181
Project insurance and commission	29,860	578	(1,633)	–	–	28,805
Drilling platform mobilisation fee (i)	252,761	–	(135,376)	–	(18,737)	98,648
Improvements to right-of- use assets	100,451	21,235	(20,827)	–	51	100,910
Improvement expenses of engineering vessels (ii)	303,369	209,265	(138,828)	–	29,719	403,525
Others	175,142	39,182	(23,406)	(13)	332	191,237
	913,177	276,761	(335,450)	(13)	11,831	866,306

(i) Drilling platform mobilisation fee refers to the crew's labour costs and platform operating expenses incurred before the platform arrives in the specific sea area as agreed in the contract.

(ii) The improvement expenses of engineering vessels refer to the expenses for adaptability improvement of the platform and special inspection fee for hull.

(1) Adaptability improvement refers to the renovation expenses of the platform incurred when there are changes in operating sea area or the operating requirements.

(2) The special inspection fee for hull refers to the expenses incurred by offshore mobile platforms to perform the corresponding inspection on a regular basis in accordance with the Ship Technical Regulations of the People's Republic of China and the regulations of offshore mobile platforms, and to obtain a Certificate of Classification from the relevant inspection agency with a maximum validity period of 5 years.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 24. Deferred tax assets and deferred tax liabilities

#### (1) The pre-offsetting balances of deferred tax assets

	31 December 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deferred tax assets:				
Provision for asset impairment	1,189,164	265,328	777,218	153,585
Provisions	916,605	174,072	812,973	154,495
Employee benefits payable	1,703,077	360,185	1,816,574	397,717
Accrued expenses	1,140,236	245,609	800,312	163,328
Deductible losses	4,714,364	884,294	1,820,672	425,826
Fair value changes of derivative financial assets	109,596	20,599	186,037	37,563
Intra-group unrealised revenue	139,931	36,661	201,328	48,927
Lease liabilities	806,263	187,865	749,595	164,974
Others	546,507	95,062	229,314	40,294
Sub-total	11,265,743	2,269,675	7,394,023	1,586,709
Including:				
Amount expected to be reversed within 1 year (inclusive)		626,393		598,608
Amount expected to be reversed over 1 year		1,643,282		988,101
		2,269,675		1,586,709

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 24. Deferred tax assets and deferred tax liabilities (Continued)

## (2) The pre-offsetting balances of deferred tax liabilities

	31 December 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities:				
Fair value changes of derivative financial assets	(290,103)	(52,211)	(160,777)	(42,801)
Fair value changes of investment properties	(594,377)	(159,016)	(487,850)	(121,526)
Revaluation gain through combination	(463,617)	(89,227)	(413,068)	(70,752)
Gross profit of overseas projects (pay tax after completion)	(1,126,656)	(281,664)	(434,020)	(108,505)
Accelerated depreciation of long-term assets	(2,424,208)	(515,958)	(1,288,018)	(259,104)
Right-of-use assets	(806,321)	(187,871)	(747,774)	(165,861)
Others	(182,879)	(36,227)	(13,471)	(2,342)
Sub-total	(5,888,161)	(1,322,174)	(3,544,978)	(770,891)
Including:				
Amount expected to be reversed within 1 year (inclusive)		(52,211)		(164,327)
Amount expected to be reversed over 1 year		(1,269,963)		(606,564)
		(1,322,174)		(770,891)

## (3) Unrecognised deferred tax assets:

	31 December 2023	31 December 2022
Deductible losses	3,799,180	3,358,729
Deductible temporary differences	244,017	420,878
	4,043,197	3,779,607



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 24. Deferred tax assets and deferred tax liabilities (Continued)

#### (4) Maturity of deductible losses that are not recognised as deferred tax assets:

	31 December 2023	31 December 2022	Note
2023	–	148,651	
2024	157,298	176,430	
2025	93,046	147,789	
2026	171,950	259,227	Note 1
2027	291,975	602,103	
After 2028	14,932,371	13,658,792	
	<b>15,646,640</b>	<b>14,992,992</b>	

Note 1: As at 31 December 2022 and 2023, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses mainly resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain, Germany and Belgium can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent six years.

#### (5) Taxable temporary differences for unrecognised deferred tax liabilities

As at 31 December 2023, for the possible tax impact of the accumulated retained earnings of its subsidiaries in Hong Kong and other overseas subsidiaries, the Group did not recognise the taxable temporary difference of RMB4,618,275,000 as deferred tax liabilities, since the Group was able to determine its dividend distribution policy on its own initiative and had no plan for dividend distribution in the foreseeable future and also had no intention to dispose of such subsidiaries.

#### (6) The offsetting net balances of deferred tax assets and deferred tax liabilities are as below:

	31 December 2023		31 December 2022	
	Offsetting amount	Offsetting balances	Offsetting amount	Offsetting balances
Deferred tax assets	(755,019)	1,514,656	(479,938)	1,106,771
Deferred tax liabilities	755,019	(567,155)	479,938	(290,953)

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 25. Other non-current assets

	31 December 2023	31 December 2022
Prepayments for equipment	323,868	301,269
Prepayments for land use rights	23,210	–
Prepayments for construction	21,332	17,091
Others	54,647	30,239
	<b>423,057</b>	<b>348,599</b>

## 26. Provision for asset impairment and losses

	31 December 2022	Increase in current year	Decrease in current year				31 December 2023
			Reversal	Charge-off/ Write-off	Transferred from fixed assets/ (transferred to construction in progress)	Translation difference of foreign currency statements	
Provision for bad debts of notes receivables	1,443	1,500	(398)	–	–	160	2,705
Provision for bad debts of receivables financing	775	233	(284)	–	–	–	724
Provision for bad debts of account receivables	990,615	342,993	(154,607)	(24,435)	–	16,949	1,171,515
Provision for bad debts of other receivables	323,829	50,214	(77,233)	(1,427)	–	–	295,383
Provision for bad debts of long-term receivables and current portion of non-current assets	4,992	1,871	(1,154)	(884)	–	–	4,825
Sub-total	1,321,654	396,811	(233,676)	(26,746)	–	17,109	1,475,152
Provision for bad debts of advance to suppliers	31,392	173,810	–	–	–	1,306	206,508
Provision for decline in the value of inventories and impairment of contract performance costs	1,415,567	272,345	(31,077)	(671,989)	–	43,000	1,027,846
Impairment provision for contract assets	80,503	3,418	–	(119)	–	–	83,802
Impairment provision for long-term equity investments	221,976	1,063	–	–	–	657	223,696
Impairment provision for fixed asset	8,010,856	16,633	–	(7,657)	883,316	148,384	9,051,532
Impairment provision for construction in progress	2,462,503	–	–	–	(883,316)	39,317	1,618,504
Impairment provision for intangible assets	230,388	–	–	–	–	4,302	234,690
Impairment provision for goodwill	436,908	73,757	–	–	–	34,071	544,736
Impairment provision for of assets held for sale	110,560	16,365	–	–	–	6,112	133,037
Sub-total	13,000,653	557,391	(31,077)	(679,765)	–	277,149	13,124,351
	14,322,307	954,202	(264,753)	(706,511)	–	294,258	14,599,503

Please refer to the respective notes of the assets for reasons of the provision.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 27. Restricted assets

As at 31 December 2023, assets with restrictions in their ownerships are as follows:

	Note	Carrying amount at the end of the year	Restricted reasons
Cash and cash equivalents	IV. 1	2,137,353	Margin, deposit of statutory reserves of the central bank
Intangible assets	IV. 20	34,730	No transfer without the permission from government
Receivables financing	IV. 6	2,000	Pledge
		2,174,083	

### 28. Short-term borrowings

	Note	31 December 2023	31 December 2022
Guaranteed	(a)		
USD		4,953,305	1,857,413
RMB		2,471,498	485,068
EUR		–	88,380
HKD		1,539,837	–
Sub-total		8,964,640	2,430,861
Unsecured			
USD		420,947	775,855
EUR		164,563	94,090
GBP		20,330	93,234
RMB		2,710,511	802,897
Others		–	129,654
Sub-total		3,316,351	1,895,730
Discounted notes			
RMB		119,870	44,123
		12,400,861	4,370,714

(a) As at 31 December 2023, the guaranteed borrowings of RMB8,964,640,000 (31 December 2022: RMB2,430,861,000) was guaranteed by the Company or the Company's subsidiaries to member companies of the Group.

(b) As at 31 December 2023, the Group did not have overdue short-term borrowings and the interest rate of short-term borrowings ranged from 1.20% to 7.20% (31 December 2022: 0.05% to 5.65%).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 29. Notes payables

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

As at 31 December 2023, the Group did not have due and unpaid notes payables (31 December 2022: Nil).

## 30. Account payables

	31 December 2023	31 December 2022
Due to raw material suppliers	14,434,816	12,528,639
Integrated logistics 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
	<b>20,181,009</b>	<b>16,562,146</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 30. Account payables (Continued)

(1) The ageing of account payables according to the date of its entry is as follows:

	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
	<b>20,181,009</b>	16,562,146

As at 31 December 2023, account 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.

### 31. Advances from customers

	31 December 2023	31 December 2022
Rental advances	11,099	24,465

As at 31 December 2023, there is no advances from customers with an age of more than 1 year (31 December 2022: Nil).

### 32. Contract liabilities

	31 December 2023	31 December 2022
Advances for goods	6,857,534	5,472,752
Advances for construction	6,178,643	6,675,343
Advances for trade and logistics	16,848	43,185
	<b>13,053,025</b>	12,191,280

The contract liabilities of RMB11,226,369,000, included in the carrying amount as at 31 December 2022 (2022: RMB7,071,731,000), were transferred to revenue in 2023. The remainder is expected to be transferred to revenue in 2024 according to respective project cycles.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 33. Employee benefits payable

	Note	31 December 2023	31 December 2022
Short-term wages	(1)	5,250,730	5,252,063
Defined contribution plans	(2)	50,315	63,826
Termination benefits	(3)	13,882	16,170
		<b>5,314,927</b>	5,332,059

## (1) Short-term wages

	31 December 2022	Increase in current year	Decrease in current year	Translation difference of foreign currency statements	31 December 2023
Wages or salaries, bonuses, allowances and subsidies	4,386,166	10,218,189	(10,076,857)	3,161	<b>4,530,659</b>
Profit-sharing and senior management bonus	492,379	–	(19,505)	–	<b>472,874</b>
Housing funds	6,193	400,050	(398,617)	4	<b>7,630</b>
Labour union funds and employee education funds	137,713	83,726	(77,472)	691	<b>144,658</b>
Social security contributions and others	29,934	371,578	(378,946)	309	<b>22,875</b>
Including: Medical insurance	20,442	328,806	(334,591)	241	<b>14,898</b>
Work injury insurance	8,248	32,850	(34,179)	68	<b>6,987</b>
Maternity insurance	1,244	9,922	(10,176)	–	<b>990</b>
Other short-term wages	199,678	515,803	(645,034)	1,587	<b>72,034</b>
	5,252,063	11,589,346	(11,596,431)	5,752	<b>5,250,730</b>

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### 33. Employee benefits payable (Continued)

#### (2) Defined contribution plans

	31 December 2022	Increase in current year	Decrease in current year	Translation difference of foreign currency statements	31 December 2023
Basic pensions	63,973	774,069	(791,561)	1,990	48,471
Unemployment insurance	(223)	22,285	(20,346)	–	1,716
Enterprise annuities	76	8,891	(8,839)	–	128
	63,826	805,245	(820,746)	1,990	50,315

The Group pays the endowment insurance premium and unemployment insurance premium to relevant agencies on a monthly basis. The base and proportion are specified by the local labour and social security department. The payment cannot be used to offset the amount that the Group should deposit for employees in the future.

#### (3) Termination benefits payable

	31 December 2023	31 December 2022
Others (i)	13,882	16,170

(i) As at 31 December 2023, the Group provided other compensation amounting to RMB79,555,000 (31 December 2022: RMB47,090,000) to compensate for the termination of employment relationship.

### 34. Taxes payable

	31 December 2023	31 December 2022
Corporate income tax payable	532,325	4,063,387
VAT payable	309,046	507,375
Urban maintenance and construction tax payable	76,270	82,347
Educational surcharge payable	55,994	60,737
Individual income tax payable	60,704	55,602
Property tax payable	36,531	38,103
Others	99,165	96,198
	1,170,035	4,903,749

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 35. Other payables

	Note	31 December 2023	31 December 2022
Accrued expenses		2,869,642	3,015,425
Advance received		1,451,641	1,631,541
Warranties		617,840	734,676
Equipment or land use rights		496,327	587,890
Transportation charges		241,401	237,310
Equity payable	(1)	200,883	258,609
Equity incentive	(2)	180,068	139,719
External commission		45,894	44,580
Dividends due to non-controlling interests		44,585	58,004
Insurances		32,455	33,329
Professional and training fees		31,661	48,776
Restructuring liabilities payable		3,672	3,672
Interest payable		–	8,512
Including: Interest of short-term borrowings		–	8,400
Interests payable on long-term loan (with interests payable by instalments and bullet repayment of principals)		–	112
Others		164,606	214,820
		<b>6,380,675</b>	<b>7,016,863</b>

(1) The equity payable of CIMC Wetrans Zelian International Logistics (Hong Kong) Co. Ltd. (“**Zelian Hong Kong**”) purchased by Asia Nova Freight Co., Ltd. (“**Asia Nova**”), a subsidiary of the Group, was RMB113,498,000.

(2) The equity incentives (Note IX. 2) are mainly the payables of CIMC Safeway Technologies Co., Ltd. (“**CIMC Safe Tech**”), a subsidiary of the Group.

(3) As at 31 December 2023, other payables aged more than 1 year were mainly unsettled warranties, deposits, etc.



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 36. Provisions

	Note	31 December 2022	Increase in current year	Decrease in current year	Translation difference of foreign currency statements	31 December 2023
Product warranties	(1)	1,020,209	231,230	(305,934)	3,789	949,294
Loss of pending actions		1,645	150	(1,645)	–	150
Relocation and liquidation compensation	(2)	173,408	–	(526)	–	172,882
Loss contract	(3)	97,823	46,269	(114,694)	1,410	30,808
Car loan risk provision	(5)	34,443	1,868	(19,938)	–	16,373
Others	(4)	60,004	109,519	(26,428)	2,843	145,938
		1,387,532	389,036	(469,165)	8,042	1,315,445

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipment, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of “Provisions – Product warranties” represents the Group’s estimated obligation for such warranties of products sold out during the year and in the previous fiscal years.
- (2) It is mainly the relocation and liquidation compensation that accrued by CIMC Burg B.V., a subsidiary of the Group, due to relocation and liquidation.
- (3) As the construction cost exceeds the price agreed in the contract, it is expected that a loss will be incurred for some of them. Thus, Yantai Raffles accrued the estimated provision.
- (4) As stated in Note V. 2, as at 15 March 2023, C&C Trucks completed the regarding strategic restructuring transaction. According to the restructuring agreement, liabilities incurred to C&C Trucks and its directly shareholding subsidiaries within two years at restructuring transaction data due to matters before closing date of restructuring transaction were born by the Company with an aggregate limit of RMB100 million. As at 31 December 2023, by fully considering the latest liabilities of C&C Trucks and its directly shareholding subsidiaries, the Company fully recognised provisions according to the above restructuring agreement.
- (5) As at 31 December 2023, the Group’s subsidiaries provided financial guarantees for customers to buy vehicle products from these subsidiaries. According to the guarantee contract, the Group’s subsidiaries would accrue a provision for the ending balance of the loan guarantee, considering the credit quality. The Group expects that the credit risk of the loan commitment has not increased significantly since the initial recognition, and the loss provision is calculated according to the ECL in the next 12 months, which is RMB18,526,000 (2022: RMB11,256,000) representing the credit impairment loss at the first stage.

	Guarantee balance	ECL rate in the next 12 months	Impairment provision	Reason
Car loan guarantee	445,985	3.67%	16,373	Note: Measured provision as ECL in the next 12 months

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## 37. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2023	31 December 2022
Current portion of long-term borrowings	IV. 39	9,292,880	3,952,077
Current portion of lease liabilities	IV. 41	261,238	227,099
Current portion of long-term payables		121,501	11,854
		<b>9,675,619</b>	<b>4,191,030</b>

## 38. Other current liabilities

	31 December 2023	31 December 2022
Super short-term financing bills (i)	2,002,618	–
VAT to be recognised (ii)	612,986	304,908
Others	412,763	245,326
	<b>3,028,367</b>	<b>550,234</b>

(i) Related information of short-term debentures payable is as follows:

	31 December 2022	Issuance in current year	Interest at par value	Amortisation of excess/discount	Repayment in current year	31 December 2023
23 CIMC SCP001	–	500,000	4,541	–	(504,541)	–
23 CIMC SCP002	–	1,500,000	8,459	–	(1,508,459)	–
23 CIMC SCP003 (Science and technology innovation bills)	–	500,000	2,577	–	(502,577)	–
23 CIMC SCP004 (Science and technology innovation bills)	–	1,500,000	7,683	–	(1,507,683)	–
23 CIMC SCP005	–	2,000,000	2,618	–	–	2,002,618
	–	6,000,000	25,878	–	(4,023,260)	2,002,618

	Par value	Nominal interest rate	Issuance date	Maturity	Issuance amount	Default or not
23 CIMC SCP001	500,000	2.21%	16 Jan 2023	150 days	500,000	No
23 CIMC SCP002	1,500,000	2.15%	25 May 2023	96 days	1,500,000	No
23 CIMC SCP003 (Science and technology innovation bills)	500,000	2.05%	12 Jun 2023	92 days	500,000	No
23 CIMC SCP004 (Science and technology innovation bills)	1,500,000	2.06%	15 Aug 2023	91 days	1,500,000	No
23 CIMC SCP005	2,000,000	2.81%	14 Dec 2023	91 days	2,000,000	No

(ii) VAT which is recognised as relevant revenue (or gains) or contract payments received but has not yet incurred VAT liability by the Group (as a general taxpayer) and will be recognised as output VAT in subsequent periods, and the Group includes it in the VAT to be recognised.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 39. Long-term borrowings

	Note	31 December 2023	31 December 2022
Unsecured		11,039,973	5,478,606
Guaranteed	(i)	11,714,092	14,600,212
Pledged	(ii)	62,270	87,178
		<b>22,816,335</b>	20,165,996
Less: Current portion of long-term borrowings			
Unsecured		(2,034,978)	(1,836,476)
Guaranteed	(i)	(7,232,994)	(2,090,693)
Pledged	(ii)	(24,908)	(24,908)
		<b>(9,292,880)</b>	(3,952,077)
		<b>13,523,455</b>	16,213,919

- (i) As at 31 December 2023, the guaranteed borrowings of RMB11,714,092,000 (31 December 2022: RMB14,600,212,000) was guaranteed by the Company or the Company's subsidiaries to member companies of the Group.
- (ii) As at 31 December 2023, the Group's principal and interest of pledged borrowings were RMB62,270,000 borrowed from the bank with 60% equity of its subsidiary Shenyang Jietong as collateral, of which the pledged borrowings that would expire within one year were RMB24,908,000 (As at 31 December 2022, the Group's principal and interest of pledged borrowings were RMB87,178,000 borrowed from the bank with 60% equity of its subsidiary Shenyang Jietong and 100% equity of Shanghai Jindun Special Vehicle Equipment as collateral, of which the pledged borrowings that would expire within one year were RMB24,908,000).
- (iii) As at 31 December 2023, the Group did not have overdue long-term borrowings and the interest rate of long-term borrowings ranged from 1.20% to 7.08% (31 December 2022: 1.19% to 6.26%).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 40. Debentures payable

	Note	31 December 2022	Interest at par value	Interest paid in current year	Translation difference of foreign currency statements	31 December 2023
Medium-term notes	(1)	507,583	13,000	(13,000)	-	507,583
Convertible bond	(2)	1,388,644	41,404	-	22,823	1,452,871
		1,896,227	54,404	(13,000)	22,823	1,960,454

(1) Medium-term notes are as follows:

Debenture name	Par value	Nominal interest rate	Issuance date	Maturity	Issuance amount	Default or not
22 CIMC GN001 (blue bonds) (i)	500,000	2.60%	30 May 2022	3 years	500,000	No

(i) On 30 May 2022, the Company issued the first tranche of 2022 green medium-term notes (Blue Bonds) at par value for an issue amount of RMB500 million, with par value and issue price of RMB100 respectively per note and fixed interest rate of 2.6% per annum. Interest is to be paid on 1 June each year in the arrears until redemption and principal to be paid on 1 June 2025. The notes are unsecured and targets institutional investors in the national inter-bank market.

## (2) Convertible bond

On 30 November 2021, Enric, the subsidiary of the Group, issued 5-year zero coupon convertible bond at a principal amount of HKD1,680,000,000 pursuant to the relevant subscription agreement dated on 16 November 2021. The maturity date of the bonds is 30 November 2026. Bondholders may convert their bonds into ordinary shares at any time on or after 10 January 2022 up to the 10th day prior to 30 November 2026. Conversion shares will be issued upon full or part conversion of the convertible bond based on the contracted conversion price of HKD11.78 per share.

Under the terms of the convertible bond, upon the event of a specified event, the bondholders will have the right to require Enric to redeem all or part of the bonds of such holders in principal amount on 30 November 2024, as well as unpaid default interest, if any.

On 20 May 2022, Enric adjusted the conversion price per share from HKD11.78 to HKD11.49 by resolution of the General Meeting of Shareholders in accordance with the terms and vesting conditions of the convertible bonds, which was effective from 7 June 2022. All other terms and vesting conditions of the convertible bond, except for the conversion price adjustment, remain unchanged.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 40. Debentures payable (Continued)

#### (2) Convertible bond (Continued)

As at the date of approval of the financial statements, no convertible shares have been issued under this convertible bond scheme.

Unless previously redeemed, converted or purchased and cancelled, Enric will redeem each bond at the principal amount together with its accrued and unpaid interest on 30 November 2026 or in the relevant circumstances set forth in the agreement.

Enric's convertible bond includes liability component and equity component.

In 2023, there are embedded derivatives in respect of the early redemption features of the convertible bond. Such embedded derivatives are deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

As at the date of issue, the fair value of the liability component of the convertible bonds was disclosed as below:

Principal amount	1,374,106
Issuance expenses	(18,002)
Liability component	(1,232,160)
Equity component	123,944

Subsequent to the initial recognition, the liability component of the convertible bonds has been carried at amortised cost using the effective interest method. The effective interest rate of the liability component of the 2023 convertible bonds was 2.9% per annum as at 31 December 2023. The movement of the liability component and the equity component of the convertible bonds for the year ended 31 December 2023 is set out below:

	Liability component	Equity component	Total
31 December 2022	1,388,644	123,944	1,512,588
Interest	41,404	–	41,404
Exchange difference	22,823	–	22,823
31 December 2023	<b>1,452,871</b>	<b>123,944</b>	<b>1,576,815</b>

The equity component will remain in owners' equity until the embedded conversion option is exercised or the convertible bonds reach its maturity in 2026.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 41. Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	1,081,876	959,984
Less: Current portion of non-current liabilities (Note IV. 37)	(261,238)	(227,099)
	<b>820,638</b>	732,885

- (1) As at 31 December 2023 and 31 December 2022, the events that were not included in lease liabilities but would lead to potential cash outflows of the Group are as follows:

As at 31 December 2023, the Group had no lease payments related to the lease contracts that were signed by the Group but had not yet taken effect (31 December 2022: Nil).

As at 31 December 2023, the future minimum lease payments of short-term leases and low-value asset leases adopting the practical expedient according to the new lease standard were insignificant.

## 42. Deferred income

		31 December 2022	Increase in current year	Decrease in current year	31 December 2023
Government grants	(1)	990,101	172,719	(134,393)	1,028,427
Others		6,272	–	(2,622)	3,650
		996,373	172,719	(137,015)	1,032,077

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### 42. Deferred income (Continued)

#### (1) Government grants

	31 December 2022	Increase in current year	Decrease in current year		31 December 2023
			Other income	Write-down of financial expenses	
Government grants related to assets	805,834	98,563	(70,148)	–	<b>834,249</b>
Government grants related to income	184,267	74,156	(57,355)	(6,890)	<b>194,178</b>
	990,101	172,719	(127,503)	(6,890)	<b>1,028,427</b>

### 43. Other non-current liabilities

	Note	31 December 2023	31 December 2022
Exchange rate/interest rate swap contracts (Note IV. 3)	(i)	<b>5,159</b>	10,930
Others		<b>49,795</b>	18,790
		<b>54,954</b>	29,720

- (i) As at 31 December 2023, the Group had 2 unsettled interest rate swap contracts denominated in USD, with a nominal value amounting to USD250,000,000 and fair value of RMB5,159,000. The settlement date of the aforesaid interest rate swap contracts was on 20 May 2027.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 44. Share capital

					31 December 2022 and 2023
<b>Shares subject to trading restriction</b>					
Held by domestic natural person					1,275
<b>Share not subject to trading restriction</b>					
RMB dominated ordinary shares					2,301,408
Foreign shares listed overseas					3,089,838
					<b>5,392,521</b>
	31 December 2021	Increase in current year	Decrease in current year	Unfreezing of shares subject to trading restriction	31 December 2022
<b>Shares subject to trading restriction</b>					
Held by domestic natural person	850	425	-	-	1,275
<b>Share not subject to trading restriction</b>					
RMB dominated ordinary shares	1,534,272	767,136	-	-	2,301,408
Foreign shares listed overseas	2,059,892	1,029,946	-	-	3,089,838
	<b>3,595,014</b>	<b>1,797,507</b>	<b>-</b>	<b>-</b>	<b>5,392,521</b>



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 45. Other equity instruments

	31 December 2022	Issuance in current year	Interest at par value	Paid in current year	31 December 2023
22 CIMC MTN001	2,049,774	-	64,200	(64,200)	2,049,774

	31 December 2021	Issuance in current year	Interest at par value	Paid in current year	31 December 2022
22 CIMC MTN001	-	1,994,339	55,435	-	2,049,774

Approved by the National Association of Financial Market Institutional Investors with Document (Zhong Shi Xie Zhu [2021] No. DFI 31), the Company issued a cumulative perpetual bond (22 CIMC MTN001) with no fixed repayment period on 16 February 2022, with a total book value of RMB2 billion and an initial fixed interest rate of 3.21%. Other key terms of the bond are listed as follows:

- (1) The bond has a maturity of 3+N(3) years, which lasts for a long period of time before the issuer redeems it in accordance with the terms of issuance and matures when the issuer redeems it in accordance with the terms of issuance.
- (2) The bond is subject to the issuer's right to deferred interest payments. Unless any event that triggers the mandatory payment of interest occurs, on each of the distribution payment dates, the issuer may elect to defer any distribution including any arrears of distribution and any additional distribution amount which has been deferred to the next distribution payment date according to this term. The distribution deferral is not subject to any limit as to the number of times that distribution and arrears of distribution can be deferred.
- (3) The issuer is not allowed to distribute dividends to ordinary shareholders or reduce the registered capital within 12 months prior to the payment of interest before the deferred distribution and arrears of distribution are fully paid.

As the perpetual debt does not constitute a contractual obligation that the Company has to pay cash or other financial assets, it is classified as an equity instrument and presented as other equity instrument.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 46. Capital reserve

	31 December 2022	Increase in current year	Decrease in current year	31 December 2023
Share premium	3,787,054	935,694	(664,348)	<b>4,058,400</b>
Including: Contributions by non-controlling interests (Note VI. 1(5)(i))	2,628,533	896,077	–	<b>3,524,610</b>
Disposals of partial equity of subsidiary	986,115	–	–	<b>986,115</b>
Acquisition of non-controlling interests of subsidiary (Note VI. 1(5)(ii)(iii))	(1,191,032)	39,617	(664,348)	<b>(1,815,763)</b>
Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	(107,258)	–	–	<b>(107,258)</b>
Transfer from capital reserve to share capital	(1,797,507)	–	–	<b>(1,797,507)</b>
Others	3,268,203	–	–	<b>3,268,203</b>
Other capital reserve	420,744	79,066	(9,524)	<b>490,286</b>
Including: Increase in shareholders' equity resulted from share-based payments	618,506	57,483	–	<b>675,989</b>
Increase in non-controlling interests due to share option exercised by subsidiary	(11,847)	21,583	–	<b>9,736</b>
Subsidiary issuance of convertible bond	123,944	–	–	<b>123,944</b>
Effect of changes in recording currency	(406,795)	–	–	<b>(406,795)</b>
Others	96,936	–	(9,524)	<b>87,412</b>
	<b>4,207,798</b>	<b>1,014,760</b>	<b>(673,872)</b>	<b>4,548,686</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 46. Capital reserve (Continued)

	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Share premium	5,191,334	842,799	(2,247,079)	3,787,054
Including: Contributions by non-controlling interests	1,900,737	729,192	(1,396)	2,628,533
Disposals of partial equity of subsidiary	915,936	70,354	(175)	986,115
Increase in non-controlling interests resulted from acquisition of subsidiary	(786,284)	43,253	(448,001)	(1,191,032)
Increase in non-controlling interests resulted from acquisition or establishment of subsidiary	(107,258)	–	–	(107,258)
Transfer from capital reserve to share capital (Note IV. 44)	–	–	(1,797,507)	(1,797,507)
Others	3,268,203	–	–	3,268,203
Other capital reserve	332,762	92,172	(4,190)	420,744
Including: Increase in shareholders' equity resulted from share-based payments	529,599	88,907	–	618,506
Increase in non-controlling interests due to share option exercised by subsidiary	(15,112)	3,265	–	(11,847)
Subsidiary issuance of convertible bond	123,944	–	–	123,944
Effect of changes in recording currency	(406,795)	–	–	(406,795)
Others	101,126	–	(4,190)	96,936
	5,524,096	934,971	(2,251,269)	4,207,798

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 47. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2023 income statement			
	31 December 2022	Post-tax amount attributable to the Company	31 December 2023	Pre-tax amount incurred	Less: Income tax expenses	Post-tax amount attributable to the Company	Post-tax amount attributable to non-controlling interests
Items that will not be reclassified to profit or loss							
- Changes in fair values of other equity investments	638,526	(466,336)	172,190	(530,245)	63,909	(466,336)	-
Items that may be reclassified subsequently to profit or loss							
- Translation difference of foreign currency statements	(184,152)	(59,160)	(243,312)	97,457	-	(59,160)	156,617
- The share of other comprehensive income that will be reclassified into profit or loss under equity method	215,671	28,191	243,862	28,191	-	28,191	-
- The amount greater than the carrying amount on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	395,495	(8,343)	387,152	(8,343)	-	(8,343)	-
	1,065,540	(505,648)	559,892	(412,940)	63,909	(505,648)	156,617

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 47. Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2022 income statement			
	31 December 2021	Post-tax amount attributable to the Company	31 December 2022	Pre-tax amount incurred	Less: Income tax expenses	Post-tax amount attributable to the Company	Post-tax amount attributable to non-controlling interests
Items that will not be reclassified to profit or loss							
- Changes in fair values of other equity investments	368,125	270,401	638,526	332,874	(62,473)	270,401	-
Items that may be reclassified subsequently to profit or loss							
- Translation difference of foreign currency statements	23,852	(208,004)	(184,152)	(226,610)	-	(208,004)	(18,606)
- The share of other comprehensive income that will be reclassified into profit or loss under equity method	8,235	207,436	215,671	207,436	-	207,436	-
- The amount greater than the carrying amount on the conversion date when the self- use real estate was converted to investment properties using fair value measurement	384,678	10,817	395,495	10,817	-	10,817	-
	784,890	280,650	1,065,540	324,517	(62,473)	280,650	(18,606)

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 48. Surplus reserve

	31 December 2022	Increase in current year	Decrease in current year	31 December 2023
Statutory surplus reserve	2,510,163	186,096	–	<b>2,696,259</b>
Discretionary surplus reserve	1,790,092	–	–	<b>1,790,092</b>
	4,300,255	186,096	–	<b>4,486,351</b>

	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Statutory surplus reserve	1,797,505	712,658	–	2,510,163
Discretionary surplus reserve	1,790,092	–	–	1,790,092
	3,587,597	712,658	–	4,300,255

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital. According to the resolution of the Board of Directors, in 2023, the Company appropriated the statutory surplus reserve amounting to RMB186,096,000 when the statutory surplus reserve accumulates to more than 50% of the registered capital (2022: appropriated 10% of the net profit to the statutory surplus reserve, amounting to RMB712,658,000).

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Retained earnings

	Note	2023	2022
Retained earnings 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)
Retained earnings at the end of the year		30,801,685	31,597,541

#### (1) Ordinary share dividends distributed in current year

	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), totalling RMB966,809,000 (2022: RMB2,480,628,000).

### 50. Revenue and cost of sales

	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

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 50. Revenue and cost of sales (Continued)

## (1) Revenue and cost of sales from main operations by industry

	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers manufacturing business	28,905,162	24,633,812	43,533,094	33,870,304
Logistics services business	19,725,017	18,559,421	29,129,307	27,475,270
Road transportation vehicles business	24,447,929	19,745,382	22,672,991	18,745,159
Energy, chemical and liquid food equipment business	24,546,405	20,808,983	20,666,331	17,274,766
Airport, facilities, fire safety and automated logistics equipment business	6,832,267	5,374,662	6,518,199	5,167,288
Offshore engineering	10,023,535	8,759,766	5,261,084	4,929,277
Unit load business	2,793,741	2,464,329	2,268,369	1,870,710
Finance and asset management	2,215,558	2,415,024	1,541,344	1,669,435
Others	6,598,038	6,004,037	7,826,471	7,172,645
	<b>126,087,652</b>	<b>108,765,416</b>	139,417,190	118,174,854

## (2) Revenue and cost of sales from main operations by location

	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
China	107,814,120	93,924,277	121,664,120	103,971,290
America	9,975,275	7,919,501	9,871,832	7,568,680
Europe	5,105,835	4,923,658	4,615,463	4,531,295
Asia (except for China)	2,742,317	1,889,818	2,890,179	1,970,851
Others	450,105	108,162	375,596	132,738
	<b>126,087,652</b>	<b>108,765,416</b>	139,417,190	118,174,854

The main business's operating income and operating costs are divided according to the location of the company that provides the service or sells the product.



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 50. Revenue and cost of sales (Continued)

#### (3) Revenue and cost of sales from other operations

	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of raw materials	842,331	644,590	1,262,541	1,048,403
Rendering of services	755,901	744,244	761,611	660,582
Rental income (i)	123,635	57,641	95,312	27,911
	<b>1,721,867</b>	<b>1,446,475</b>	<b>2,119,464</b>	<b>1,736,896</b>

- (i) The Group's rental income comes from leasing its own houses and buildings, machinery and equipment and transportation vehicles. In 2023, there was no variable rent in the rental income based on a certain percentage of the lessee's sales (2022: Nil). In 2023, there was no significant change on financial leasing (2022: Nil).

#### (4) The Group's revenue and cost of sales classified by segment reports are as follows:

	2023									
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Unit load business	Finance and asset management	Others	Total
Revenue from main operations Including:										
Recognised at a point in time	28,905,162	24,134,364	15,013,452	111,318	4,363,163	19,725,017	2,793,741	362,123	6,598,038	102,006,378
Recognised over time	-	313,565	9,532,953	9,912,217	2,469,104	-	-	1,853,435	-	24,081,274
Revenue from other operations (i)	422,272	358,294	427,973	220,197	98,880	41,738	32,528	1,992	117,993	1,721,867
	<b>29,327,434</b>	<b>24,806,223</b>	<b>24,974,378</b>	<b>10,243,732</b>	<b>6,931,147</b>	<b>19,766,755</b>	<b>2,826,269</b>	<b>2,217,550</b>	<b>6,716,031</b>	<b>127,809,519</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 50. Revenue and cost of sales (Continued)

(4) The Group's revenue and cost of sales classified by segment reports are as follows: (Continued)

	2023									
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Unit load business	Finance and asset management	Others	Total
Cost of sales from main operations										
Including:										
Relevant revenue recognised at a point in time	24,633,812	19,552,599	13,861,583	45,963	3,449,600	18,559,421	2,464,329	394,725	6,004,037	88,966,069
Relevant revenue recognised over time	-	192,783	6,947,400	8,713,803	1,925,062	-	-	2,020,299	-	19,799,347
Cost of sales from other operations	628,419	132,639	315,030	205,658	79,939	27,589	8,448	47	48,706	1,446,475
	25,262,231	19,878,021	21,124,013	8,965,424	5,454,601	18,587,010	2,472,777	2,415,071	6,052,743	110,211,891

	2022									
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Unit load business	Finance and asset management	Others	Total
Revenue from main operations										
Including:										
Recognised at a point in time	43,533,094	22,354,951	13,529,181	600,268	4,479,358	29,129,307	2,268,369	251,926	7,826,471	123,972,925
Recognised over time	-	318,040	7,137,150	4,660,816	2,038,841	-	-	1,289,418	-	15,444,265
Revenue from other operations (i)	387,881	711,805	361,639	238,788	105,343	112,065	17,586	9,102	175,255	2,119,464
	43,920,975	23,384,796	21,027,970	5,499,872	6,623,542	29,241,372	2,285,955	1,550,446	8,001,726	141,536,654

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 50. Revenue and cost of sales (Continued)

(4) The Group's revenue and cost of sales classified by segment reports are as follows: (Continued)

	2022									
	Containers manufacturing business	Road transportation vehicles business	Energy, chemical and liquid food equipment business	Offshore engineering	Airport, facilities, fire safety and automated logistics equipment business	Logistics services business	Unit load business	Finance and asset management	Others	Total
Cost of sales from main operations										
Including:										
Relevant revenue recognised at a point in time	33,870,304	18,560,493	11,656,767	562,410	3,316,502	27,475,270	1,870,710	272,861	7,172,645	104,757,962
Relevant revenue recognised over time	-	184,666	5,617,999	4,366,867	1,850,786	-	-	1,396,574	-	13,416,892
Cost of sales from other operations	738,257	403,689	361,787	135,528	35,319	16,942	8,933	-	36,441	1,736,896
	<b>34,608,561</b>	<b>19,148,848</b>	<b>17,636,553</b>	<b>5,064,805</b>	<b>5,202,607</b>	<b>27,492,212</b>	<b>1,879,643</b>	<b>1,669,435</b>	<b>7,209,086</b>	<b>119,911,750</b>

(i) The Group's revenue from sales of materials included in revenue from other operations is recognised at a certain point in time. The revenue from rental income and rendering of services is recognised over time.

### 51. Taxes and surcharges

	2023	2022	Standard
Urban maintenance and construction tax	<b>140,371</b>	152,875	1% – 7% of VAT paid
Housing property tax	<b>110,601</b>	103,589	Real estate surplus or property rental income and applicable tax rate
Educational surcharge	<b>110,446</b>	123,678	3% – 5% of VAT paid
Tenure tax	<b>80,807</b>	88,296	Actual using area of land and unit tax
Stamp duty	<b>77,142</b>	66,963	Amount or number of taxable voucher and applicable tax rate or unit tax
Land appreciation tax	-	2,553	Appreciation amount in transferring property and applicable tax rate
Others	<b>21,924</b>	13,014	
	<b>541,291</b>	<b>550,968</b>	

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 52. Selling and distribution expenses

	2023	2022
Employ fees	1,283,025	1,231,892
Selling operation expenses	415,893	309,910
Product warranty	231,230	223,052
External sales commission	216,049	212,278
Agency fees	100,332	81,618
Storage	105,253	68,112
Product maintenance fee	20,660	22,400
Transportation and distribution expenses	28,073	21,523
Advertising fee	24,285	19,535
Depreciation and amortisation expenses	49,662	47,316
Others	286,534	214,373
	<b>2,760,996</b>	<b>2,452,009</b>

## 53. General and administrative expenses

	2023	2022
Employ fees	3,817,018	4,493,789
Agency fees	500,615	436,013
Depreciation and amortisation expenses	528,068	427,118
Entertainment fee	165,709	147,559
Share-based payment expenses (Note IX. 1)	88,685	137,565
Right-of-use assets depreciation	98,017	92,596
Rental	122,003	90,767
Taxes and surcharges	77,639	90,149
System maintenance and software fee	126,051	87,365
Travel expenses	145,946	77,509
Materials consumed and low-value consumables	43,973	76,153
Audit fee	16,987	15,681
– Audit expenses	14,666	13,166
– Non-audit expenses	2,321	2,515
Insurance, external repairing expenses and others	774,503	839,803
	<b>6,505,214</b>	<b>7,012,067</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 54. Research and development expenses

	2023	2022
Direct material consumption	944,395	1,078,240
Research and development labour costs	1,068,561	957,686
Depreciation and amortisation	85,286	146,030
Testing fee	127,116	66,802
Design fee	20,206	43,524
Others	183,588	170,946
	<b>2,429,152</b>	<b>2,463,228</b>

### 55. Financial expenses/(income)

	2023	2022
Interest expenses of borrowings	1,994,147	1,315,005
Add: Interest expenses on lease liabilities	35,509	41,337
Less: Capitalised interest expenses	(79,834)	(20,940)
Less: Government grants (Note IV. 42(1))	(6,890)	-
Sub-total	<b>1,942,932</b>	<b>1,335,402</b>
Less: Interest income from bank deposits	(326,994)	(322,352)
Net foreign exchange gains	(253,022)	(1,176,685)
Others	143,841	140,117
	<b>1,506,757</b>	<b>(23,518)</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 56. Expenses by nature

Costs of sales, selling and distribution expenses, general administrative expenses and research and development expenses in income statement presented by nature are analysed as follows:

	2023	2022
Consumption of raw materials and low-valued consumables, etc.	78,837,798	79,163,613
Transportation and distribution expenses	19,574,805	28,717,487
Salary and wages	12,474,146	13,285,340
Depreciation and amortisation expenses	3,585,132	3,514,404
Processing and repairing expenses	1,724,323	1,758,623
Power expenses	809,529	844,065
Finished goods and products in progress movement	719,812	840,132
Selling operation expenses	415,893	309,910
Rental (i)	318,874	268,112
Audit fee	16,987	15,681
– Audit expenses	14,666	13,166
– Non-audit expenses	2,321	2,515
Other expenses – other general and administrative expenses	1,705,243	1,671,358
Other expenses – other selling and distribution expenses	948,766	795,699
Other expenses – other manufacturing expenses	468,912	400,392
Other expenses – other research and development expenses	307,033	254,238
	<b>121,907,253</b>	<b>131,839,054</b>

- (i) As mentioned in Note II. 28, for short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may include the lease payment in the profit or loss for the current period. In 2023, the amount was RMB318,874,000 (2022: RMB268,112,000).

## 57. Losses on changes in fair value

	2023	2022
Financial assets at fair value through profit or loss		
– Financial assets held for trading and other non-current financial assets	67,821	(23,799)
Investment properties at fair value	(16,536)	(6,391)
Financial liabilities at fair value through profit or loss		
– Financial liabilities held for trading	6,902	(33,298)
Derivative financial instruments	(669,572)	(1,013,348)
	<b>(611,385)</b>	<b>(1,076,836)</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 58. Investment losses

	2023	2022
Income from long-term equity investments under equity method	198,771	152,738
Dividend income from other equity investments	97,428	72,242
Investment income from disposals of financial assets/liabilities held for trading	56,870	25,715
Investment income from financial assets held for trading during the holding period	1,714	896
Investment income/(losses) from disposals of long-term equity investments	89,449	(208,926)
Investment losses from disposals of derivative financial instruments	(778,772)	(679,685)
Others	87	41,751
	<b>(334,453)</b>	<b>(595,269)</b>

### 59. Gains on disposals of assets

	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
	<b>23,782</b>	<b>243,245</b>	<b>23,782</b>

### 60. Other income

	2023	2022	Asset related/ Income related
Financial subsidies	428,511	426,998	Asset/Income related
Tax refund	67,837	63,039	Income related
Others	74,325	50,834	Income related
	<b>570,673</b>	<b>540,871</b>	

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 61. Asset impairment losses

	2023	2022
Impairment losses on fixed assets	16,633	118,449
Impairment losses on inventories and contract fulfilment costs	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
Losses on/(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
	<b>526,314</b>	<b>458,625</b>

## 62. Credit impairment losses

	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)
Reversal of bad debts of receivables financing	(51)	(644)
Losses on/(Reversal of) bad debts of notes receivables	1,102	(332)
	<b>144,609</b>	<b>318,328</b>



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 63. Non-operating income

	2023	2022	Amount recognised in non-recurring profit or loss in 2023
Unpayable payables	23,227	47,898	23,227
Compensation income	46,316	23,785	46,316
Penalty income	15,098	14,394	15,098
Others	40,731	61,007	40,731
	<b>125,372</b>	<b>147,084</b>	<b>125,372</b>

### 64. Non-operating expenses

	2023	2022	Amount recognised in non-recurring profit or loss in 2023
Claims expenses (i)	11,014	620,640	11,014
Losses on scrapping of fixed assets	45,233	22,223	45,233
Donations	16,375	15,668	16,375
Penalty expenses	11,880	5,881	11,880
Others	38,608	50,029	38,608
	<b>123,110</b>	<b>714,441</b>	<b>123,110</b>

- (i) In 2022, the claims expenses were mainly settlement fees of RMB599,250,000 for terminating the purchase of Maersk Container Industry.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 65. Income tax expenses

	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)
	<b>970,800</b>	<b>2,336,709</b>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is set out as below:

	2023	2022
Total profit	2,834,174	6,937,851
Income tax expenses 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 for tax purposes	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	<b>970,800</b>	<b>2,336,709</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 66. Calculation of basic earnings per share and diluted 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:

	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 in current year	(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 ('000)	5,392,521	5,392,521
Basic earnings per share (Yuan/share)	0.07	0.59
Including: Going concern basic earnings per share	0.06	0.64
Termination concern basic earnings per share	-	(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 ordinary shares by the adjusted weighted-average number of ordinary shares outstanding:

	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	(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 (diluted) ('000) (adjusted)	5,392,521	5,392,521
Diluted earnings per share (Yuan/share)	0.05	0.57

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 67. Information to cash flow statement

The Group did not have cash flows presented on a net basis, and significant cash flow items are as follows:

## (1) Cash received relating to other operating activities

	2023	2022
Government grants received	532,508	497,958
Interest received	341,426	302,289
Compensation income received	46,316	23,785
Cash received from penalty income	15,098	14,394
Others	51,314	59,837
	<b>986,662</b>	<b>898,263</b>

## (2) Cash paid relating to other operating activities

	2023	2022
Cash paid for research and development expenses	1,275,305	1,359,512
Cash paid for insurance, rental and other miscellaneous expenses related to sales	1,089,878	878,266
Cash paid for warranty	422,770	586,845
Cash paid for selling operation expenses	415,893	309,910
Cash paid for entertainment expenses	165,709	147,559
Cash paid for agency	500,615	436,013
Others	797,040	172,352
	<b>4,667,210</b>	<b>3,890,457</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 67. Information to cash flow statement (Continued)

#### (3) Cash received from disposals of investments

	2023	2022
Cash received from disposals of associates and joint ventures	124,978	142,447
Cash received from disposal of financial assets held for trading	6,545,794	7,255,781
Cash received from redemption of fixed deposits	542,452	–
Cash received from disposals of other non-current financial assets	24,788	232,930
	<b>7,238,012</b>	<b>7,631,158</b>

#### (4) Cash paid to acquire investments

	2023	2022
Cash paid to acquire associates and joint ventures	1,347,214	573,864
Cash paid to apply for fixed deposits	1,151,407	–
Receivables arising from financing for related parties	273,025	8,855
Cash paid to acquire financial assets held for trading	5,747,824	8,522,531
Cash paid to acquire other equity instruments	–	1,267,407
Cash paid to acquire other non-current financial assets	302,223	28,390
Payments for equity	225,387	–
	<b>9,047,080</b>	<b>10,401,047</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 67. Information to cash flow statement (Continued)

## (5) Cash paid relating to other investing activities

	2023	2022
Payments for settlement fees for terminating the purchase of Maersk Container Industry	–	599,250
Losses on settlement of derivative financial instruments	1,678,997	–
	<b>1,678,997</b>	599,250

## (6) Cash paid relating to other financing activities

	2023	2022
Cash paid for non-controlling interests	331,859	643,877
Cash paid for lease liabilities	447,116	254,867
Others	69,358	7,858
	<b>848,333</b>	906,602

In 2023, cash paid for lease related activities was RMB765,990,000 (2022: RMB522,979,000). Except for cash paid for lease liabilities as above, the rest of lease's cash paid out was operating activity related.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 68. Notes to the cash flow statement

#### (1) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities:

	2023	2022
Net profit	1,863,374	4,601,142
Add: Asset impairment losses	526,314	458,625
Credit impairment losses	144,609	318,328
Depreciation of fixed assets	2,669,101	2,572,243
Right-of-use assets depreciation	303,164	408,883
Amortisation of intangible assets	277,417	361,970
Amortisation of long-term prepaid expenses	335,450	171,308
Losses/(Gains) on disposals of fixed assets, intangible assets and other long-term assets	21,451	(221,022)
Losses on changes in fair value	611,385	1,076,836
Financial expenses/(income)	1,861,854	(106,971)
Investment losses	334,453	595,269
Share-based payments expenses	88,685	137,565
Increase in deferred tax assets	(468,599)	(209,318)
Amortisation of deferred income	(137,015)	(332,892)
Increase/(Decrease) in deferred tax liabilities	393,666	(3,003,917)
(Increase)/Decrease in inventories	(1,088,402)	980,049
Increase in operating receivables	(8,254,580)	(1,080,528)
Increase in operating payables	3,220,859	7,889,896
Net cash flows from operating activities	2,703,186	14,617,466

Major investing and financing activities not involving cash receipts and payments

	2023	2022
Payments for share capital increase by other receivables	150,000	-
The new additions of right-of-use assets	533,499	484,032
	683,499	484,032

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 68. Notes to the cash flow statement (Continued)

## (1) Supplementary information to the cash flow statement (Continued)

Net change of cash and cash equivalents:

	2023	2022
Cash and cash equivalents at the end of the year	20,350,816	15,912,300
Less: Cash and cash equivalents at the beginning of the year	15,912,300	16,529,988
Net increase/(decrease) in cash and cash equivalents	4,438,516	(617,688)

## (2) Information on acquisition of subsidiaries during current year

	2023	2022
I. Information on acquisition of subsidiaries:		
Cash and cash equivalents paid for acquisition	241,975	197,180
Less: Cash and cash equivalents held by subsidiaries on acquisition date	59,710	134,589
Net cash paid to acquire subsidiaries	182,265	62,591
Consideration for acquisition of subsidiaries in 2023	241,975	197,180
Net assets of the acquired subsidiaries on acquisition date		
Current assets	308,388	522,200
Non-current assets	114,333	160,531
Current liabilities	(153,530)	(432,277)
Non-current liabilities	-	(3,999)
Non-controlling interests	(60,603)	108,158



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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 68. Notes to the cash flow statement (Continued)

#### (3) Information on disposals of subsidiaries during current year

	2023	2022
I. Information on disposals of subsidiaries:		
Cash and cash equivalents received on disposals of subsidiaries	2,600	379,467
Less: Cash and cash equivalents remained on disposal date of disposed subsidiaries	124,938	634,325
Net cash outflows from disposals of subsidiaries	(122,338)	(254,858)
Price of disposed subsidiaries in 2023	2,600	379,467
Price of disposed subsidiaries in 2022	-	1,469,467
Net assets of disposed subsidiaries on disposal date		
Current assets	1,132,206	2,299,174
Non-current assets	1,384,701	13,097,784
Current liabilities	(4,044,498)	(8,896,096)
Non-current liabilities	(30,631)	(2,300,918)
Non-controlling interests	-	(379,672)

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 68. Notes to the cash flow statement (Continued)

## (4) Changes in liabilities from financing activities

	Bank borrowings (including the portion to be settled within one year)	Lease liabilities (including liabilities to be settled within one year)	Debentures payable (including debentures to be settled within one year)	Other current liabilities (super short-term financing bills)	Other payables	Total
31 December 2022	24,536,710	959,984	1,896,227	211,322	-	27,604,243
Cash inflows from financing activities	33,709,728	-	-	40,349	6,000,000	39,750,077
Cash outflows from financing activities	(25,413,467)	(447,116)	(13,000)	(1,890,908)	(4,023,259)	(31,787,750)
Interest in current year	1,939,743	35,509	54,404	-	25,877	2,055,533
Dividends in current year	-	-	-	1,863,890	-	1,863,890
Changes that do not involve cash receipts and payments (Note IV (68) (1))	-	533,499	-	-	-	533,499
Others	444,482	-	22,823	-	-	467,305
31 December 2023	<b>35,217,196</b>	<b>1,081,876</b>	<b>1,960,454</b>	<b>224,653</b>	<b>2,002,618</b>	<b>40,486,797</b>

## (5) Composition of cash and cash equivalents

	31 December 2023	31 December 2022
I. Cash		
Including: Cash in hand	<b>6,671</b>	7,269
Cash at bank that can be readily drawn on demand	<b>19,180,427</b>	15,789,080
II. Assets purchased by Finance Company under reverse repurchase agreements	<b>1,163,718</b>	-
III. Cash and cash equivalents classified as held for sale	-	115,951
IV. Cash and cash equivalents at the end of the year	<b>20,350,816</b>	15,912,300

As disclosed in Note IV.(1), as at 31 December 2023, bank deposits of RMB1,018,259,000 (31 December 2022: RMB410,356,000) and other cash balances of RMB1,119,094,000 (31 December 2022: RMB904,882,000) were not cash and cash equivalents.

Note: The aforesaid cash and cash equivalents excluded restricted cash and cash equivalents.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 69. Monetary items dominated in foreign currency

	31 December 2023		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Cash and cash equivalents –			
USD	872,829	7.0936	6,191,501
EUR	151,639	7.8597	1,191,837
HKD	906,586	0.9077	822,908
GBP	39,424	9.0355	356,217
THP	989,426	0.2073	205,108
AUD	25,814	4.8534	125,285
JPY	1,588,743	0.0501	79,596
Others			168,392
			<b>9,140,844</b>
Account receivables –			
USD	1,140,179	7.0936	8,087,976
EUR	66,501	7.8597	522,676
JPY	623,293	0.0501	31,227
GBP	28,333	9.0355	256,003
HKD	116,748	0.9077	105,972
AUD	7,399	4.8534	35,911
THP	137,337	0.2073	28,470
Others			299,709
			<b>9,367,944</b>
Other receivables –			
HKD	3,946,653	0.9077	3,582,377
USD	300,372	7.0936	2,130,721
EUR	57,100	7.8597	448,792
GBP	14,738	9.0355	133,166
THP	219,431	0.2073	45,488
AUD	4,763	4.8534	23,117
Others			47,281
			<b>6,410,942</b>

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 69. Monetary items dominated in foreign currency (Continued)

	31 December 2023		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Long-term receivables –			
EUR	393	7.8597	3,087
Others			569
			3,656
Short-term borrowings –			
USD	757,620	7.0936	5,374,252
HKD	1,696,416	0.9077	1,539,837
EUR	20,938	7.8597	164,563
GBP	2,250	9.0355	20,330
			7,098,982
Account payables –			
USD	430,666	7.0936	3,054,969
EUR	55,167	7.8597	433,596
GBP	31,302	9.0355	282,827
AUD	7,393	4.8534	35,881
THP	73,309	0.2073	15,197
HKD	14,510	0.9077	13,171
Others			67,920
			3,903,561
Other payables –			
USD	330,473	7.0936	2,344,242
HKD	202,119	0.9077	183,463
AUD	7,463	4.8534	36,219
THP	28,910	0.2073	5,993
GBP	16,892	9.0355	152,631
EUR	26,700	7.8597	209,856
JPY	4,531	0.0501	227
Others			21,599
			2,954,230

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 69. Monetary items dominated in foreign currency (Continued)

	31 December 2023		
	Functional currency (‘000)	Exchange rate	In RMB (‘000)
Long-term borrowings –			
USD	1,281,848	7.0936	9,092,916
Others			32,632
			9,125,548
Long-term payables –			
AUD	821	4.8534	3,984
			3,984
Lease liabilities –			
EUR	11,370	7.8597	89,361
USD	10,110	7.0936	71,718
GBP	7,496	9.0355	67,730
AUD	9,807	4.8534	47,595
HKD	8,263	0.9077	7,500
THP	35,104	0.2073	7,277
Others			66,859
			358,040

The above-mentioned monetary items dominated in foreign currency refer to all currencies except RMB (The scope is different from the foreign currency items in Note XVI.1(1)).

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## V. CHANGES IN THE SCOPE OF CONSOLIDATION

## 1. Business combinations involving enterprises not under common control

Acquiree	Timing of acquisition	Acquisition cost	% of interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Income of the acquiree during the period from the acquisition date to the end of the year	Cash flows from		
								Net profit of the acquiree during the period from the acquisition date to the end of the year	operating activities of the acquiree during the period from the acquisition date to the end of the year	Net cash flows of the acquiree during the period from the acquisition date to the end of the year
CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd.	31 July 2023	70,500	60%	Purchase	31 July 2023	Acquisition of control	233,667	9,009	(68,032)	(39,876)
Chengdu Lanshi Low-Temperature Technology Co., Ltd.	1 July 2023	133,040	60%	Purchase	1 July 2023	Acquisition of control	172,403	55,175	6,990	(37,257)

## (1) CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd.

In December 2022, CIMC Wetrans Logistics, a subsidiary of the Group, signed a Cooperation Agreement with Zhang Yu, which agreed that Qingdao Yingmao Logistics Technology Co., Ltd. (renamed as CIMC Wetrans Lingxian Logistics Technology (Shandong) Co., Ltd. ("**Shandong Lingxian**")) was established by an entity directly or indirectly controlled by Zhang Yu, and that logistics businesses of relevant enterprises including Qingdao Hechuan International Freight Agency Co., Ltd. were incorporated into Shandong Lingxian. The Company acquired 60% of equity through capital increase and purchase of original shareholders' equities.

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## V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

### 1. Business combinations involving enterprises not under common control (Continued)

#### (2) Chengdu Lanshi Low-Temperature Technology Co., Ltd.

As at 1 July 2023, Enric, a subsidiary of the Group, acquired 60% equity of Chengdu Lanshi Low-Temperature Technology Co., Ltd. at RMB133,040,000.

#### (3) In 2023, the enterprises acquired by CIMC Group through acquisition involving enterprises not under common control included Guangxi Jingyitong Logistics Co., Ltd., CIMC Longtaidi (Shandong) Engineering Technology Co., Ltd., CIMC Zhongdian (Yangzhou) Hydrogen Production Equipment Co., Ltd., CIMC Environmental Protection Technology (Guangdong) Co., Ltd., Guangdong Mingtianlvjian Technology Co., Ltd., and Jifeng New Energy Technology (Chengdu) Co., Ltd.

### 2. Disposals of subsidiaries

Name	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and the fair value of corresponding shares of net assets in the consolidated financial statements	Amount transferred to investment income or losses from other comprehensive income related to initial equity investment in the subsidiary
C&C Trucks	-	38.47%	Loss of control due to transfer of equity and capital increased by other investors	15 March 2023	As at 15 March 2023, the investor has fully paid the purchase price and obtained the approval from the competent authority, and has completed the restructuring of the relevant rights of the Board of Directors	41,922	-

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## V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

## 2. Disposals of subsidiaries (Continued)

On 12 October 2022, the Board of Directors approved the restructuring of C&C Trucks (subsidiary of the Company) with Chery Commercial Vehicles (Anhui) Co., Ltd. ("**Chery Anhui**"), Wuhu Industrial Investment Fund Co., Ltd. ("**Wuhu Industrial Fund**") and Wuhu Xingzhong Venture Capital Co., Ltd. ("**Xingzhong Venture Capital**"). In December 2022, all restructuring transaction parties signed the relevant restructuring agreement. In March 2023, this restructuring transaction was completed. Upon the completion of the restructuring transaction, C&C Trucks was no longer included in the scope of the Group's consolidation and was an associate of the Group.

The information of profit or loss of the disposal is as follows:

	Amount
Price of the disposal	–
Fair value of remaining 35.42% of equity at the disposal date	850,000
Amounts of C&C Trucks to be collected	155,189
Less: Share of net liabilities of C&C Trucks in the consolidated financial statements	135,739
Share of non-controlling interests	(399,006)
Cash paid for capital increase and share enlargement	(700,000)
Investment income from disposal	41,922

## VI. EQUITY IN OTHER ENTITIES

## 1. Equity in subsidiaries

All subsidiaries of the Group were established or acquired through business combinations involving enterprises not under common control. There was no acquisition of subsidiaries through business combinations involving enterprises under common control.

As at 31 December 2023, the number of companies included in the scope of consolidation added up to 682. Except for the important subsidiaries listed below, the number of other subsidiaries held by the Group was 636. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.



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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Major subsidiaries obtained through establishment or investment

##### (i) Domestic subsidiaries

Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
						Direct	Indirect
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. ("SCIMC")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sales of container, container stockpiling business	RMB260,580,000	-	100.00%
2 CIMC Vehicles (Group) Co., Ltd. ("CIMC Vehicles")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special series of vehicles and trailer	RMB2,017,600,000	36.10%	20.68%
3 Yantai CIMC Raffles Marine Technology Group Co., Ltd. ("CIMC Raffles Group")	Business entity	Yantai, Shandong	Yantai, Shandong	Development of key supporting system of offshore engineering, manufacture of offshore engineering equipment, manufacture of offshore engineering platform equipment and sales of deep-sea oil-drilling equipment	RMB5,000,000,000	-	80.04%
4 Xinhui CIMC Special Transportation Equipment Co., Ltd. ("XHCIMCS")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture and sales of various containers, semi-finished container products and relevant components products; leasing and maintenance of these products	RMB425,490,000	-	100.00%
5 Nantong CIMC Special Logistics Equipment Development Co., Ltd. ("NTSL")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, sales and repair of various trough, tank as well as various special storing and transporting equipment and parts	USD11,760,000	-	75.35%
6 Shenzhen CIMC - TianDa Airport Support Co., Ltd. ("TianDa Airport")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Sales of airport and port electromechanical products; automatic logistics storage system and equipment	USD13,500,000	-	58.34%
7 Qingdao CIMC Special Reefer Co., Ltd. ("QDCSR")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture of refrigerated container	RMB250,410,000	-	100.00%
8 Taicang CIMC Special Logistics Equipment Co., Ltd. ("TCSLE")	Business entity	Suzhou, Jiangsu	Suzhou, Jiangsu	Manufacture of container	USD40,000,000	-	100.00%
9 Yangzhou Runyang Logistics Equipment Co., Ltd. ("YZRYL")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	RMB143,880,000	-	75.00%

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Major subsidiaries obtained through establishment or investment (Continued)

## (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
10	CIMC Container (Group) Co., Ltd. ("CIMC Container (Group)") (Former name: CIMC Container Shareholding Co., Ltd.)	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Industrial and project investments	RMB5,292,830,000	100.00%	-
11	CIMC Technology Co., Ltd. ("CIMC Technology")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Management of industrial and equity investments	RMB1,130,300,000	100.00%	-
12	CIMC Cold Chain Development Co., Ltd. ("CIMC Cold Chain")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment	RMB3,624,700,000	-	100.00%
13	Shenzhen CIMC TianDa Logistics x (Anruiqi Engineering Co., Ltd. ("TianDa Logistics"))	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Planning, advisory and development of logistics automated system engineering	RMB60,000,000	-	58.34%
14	Linfen Tianning Clean Energy Co., Ltd. (i) ("Tianzi Gas Station")	Business entity	Linfen, Shanxi	Linfen, Shanxi	Gas operations for gas vehicles, gas business and project construction	RMB10,000,000	-	34.47%
15	Shenzhen Anruiqi Holding Co., Ltd. ("Anruiqi Holding")	Business entity	Beijing	Beijing	Project and venture investment and enterprise management advisory	RMB100,000	-	67.65%
16	CIMC Safeway Technologies Co., Ltd. ("CIMC Safe Tech")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Design, development, production and sales of storing and transporting equipment and parts including petrochemical product and other media, repair, maintenance, refurbishment, and services of relevant equipment	RMB510,000,000	-	60.83%
17	CIMC Wetrans Logistics Technology (Group) Co., Ltd. ("CIMC Wetrans Logistics")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB1,741,110,000	62.7%	-

(i) The Group obtains control of the company through control of its parent company Shanghai CIMC Tianzhao Clean Energy Co., Ltd.

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Major subsidiaries obtained through establishment or investment (Continued)

##### (ii) Overseas subsidiaries

No.	Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
18	CIMC REEFER TRAILER, INC. ("CRTI")	Business entity	USA	USA	Manufacture and services of road transportation vehicles	USD10	-	56.78%
19	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,000,000	100.00%	-
20	CIMC Refrigerated Trailer Co., Ltd. ("CRTC")	Business entity	USA	USA	Manufacture and services of road transportation vehicles	CAD 1,000	-	56.78%
21	CIMC USA, INC. ("CIMC USA")	Business entity	USA	USA	Investment holding	USD10	-	56.78%
22	CIMC Vehicle Investment Holdings Co., Ltd. ("CIMC Vehicle (BVI)")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD50,000	-	56.78%
23	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transportation equipment	GBP 100	-	56.78%
24	Dee Siam Manufacturing Co., Ltd. ("Thailand DS Factory")*	Business entity	Thailand	Thailand	Manufacture and services of road transportation vehicles	THB 1,221,220,000	-	56.78%
25	CIMC Offshore Holdings Limited ("Offshore Holdings")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,234,860,000 and USD50,510,000	-	85.00%
26	CIMC HOLDINGS (B.V.I.) LIMITED ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (1) Major subsidiaries obtained through establishment or investment (Continued)

## (ii) Overseas subsidiaries (Continued)

	Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
27	Vanguard National Trailer Corporation ("Vanguard")	Business entity	USA	USA	Sales of vehicles	USD10	-	56.78%
28	CIMC-TianDa Holdings Company Limited ("TianDa Holding HK")	Business entity	UK	UK	Fire equipment business	HKD166,380,000	-	58.34%
29	Sound Winner Holdings Limited ("Sound Winner Holdings")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	67.59%
30	Win Score Investments Limited ("Win Score Investments")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000	-	67.59%

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

(2) The Group does not have subsidiaries obtained through business combinations involving enterprises under common control

(3) Subsidiaries acquired through business combinations involving enterprises not under common control

(i) Domestic subsidiaries

	Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
1	Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and sales of reefer container and special container; providing relevant technical advisory and maintenance service	RMB358,160,000	-	75.00%
2	Qingdao CIMC Reefer Container Manufacture Co., Ltd. ("QDCRC")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and repair of container, processing and manufacture relevant mechanical parts, structural parts and equipment	RMB27,840,000	-	100.00%
3	Yantai CIMC Raffles offshore Ltd. ("CIMC Raffles")	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of dock; design and production of ship; production and sales of pressure equipment and offshore oil platform	RMB7,512,070,000	-	80.04%
4	Haiyang CIMC Raffles Offshore Engineering Co. Ltd. ("Haiyang Raffles")	Business entity	Yantai, Shandong	Yantai, Shandong	Design, manufacturing, sales and repair of offshore engineering equipment and offshore oil drilling equipment	RMB560,000,000	-	80.04%
5	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. ("YZTH")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB566,020,000	-	56.78%
6	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. ("Hongtu Special Aircraft")	Business entity	Jingmen, Hubei	Jingmen, Hubei	Production and sales of refitting vehicles for civilian use, packaging and containers for hazardous chemicals	RMB300,000,000	-	60.83%
7	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Gas Equipment")	Business entity	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Manufacture and sales of pressure equipment	USD32,000,000	-	67.59%

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through business combinations involving enterprises not under common control (Continued)

## (i) Domestic subsidiaries (Continued)

Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
						Direct	Indirect
8 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Zhangjiagang Sanctum Cryogenic Equipment Machinery")	Business entity	Suzhou, Jiangsu	Suzhou, Jiangsu	Production and sales of LNG vehicles, LNG vehicle-mounted tanks and cryogenic equipment	RMB795,530,000	-	67.59%
9 Suzhou CIMC LiangCai Logistics Technology Co., Ltd. (i) ("CIMC LiangCai")	Business entity	Suzhou, Jiangsu	Suzhou, Jiangsu	Development, production, sales and leasing of logistics packaging products, handling equipment and related management consulting services;	RMB53,690,000	-	36.88%

(i) The Group obtains control of the company through control of its parent company CIMC Transport Technology Co., Ltd.

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (3) Major subsidiaries acquired through business combinations involving enterprises not under common control (Continued)

##### (ii) Overseas subsidiaries

No.	Name	Category	Registration place	Main premises	Business scope	Registered capital	Shareholding percentage	
							Direct	Indirect
10	CIMC Intermodal Equipment, LLC ("CIE") (Former name: Direct Chassis, LLC)	Business entity	USA	USA	Road transportation vehicle manufacturing and services	USD10,000,000	-	56.78%
11	CIMC RAFFLES OFFSHORE (SINGAPORE) PTE. LTD. ("Offshore (Singapore)")	Business entity	Singapore	Singapore	Production of various ships for offshore oil and gas, including jack-up drilling platforms and semi-submersible drilling platforms	SGD 594,420,000 and USD453,930,000	-	85.00%
12	CIMC Enric Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD120,000,000	-	67.60%
13	Ziemann Asia-Pacific Co. Ltd. ("Ziemann Asia-Pacific")	Business entity	Thailand	Thailand	Production, sales, design of liquid food equipment	THB18,000,000	-	67.59%
14	Ziemann Holvrieka Asia-Holding Co. Ltd. (i) ("Ziemann Asia-Holding")	Business entity	USA	USA	Production, sales, design of liquid food equipment	THB30,000	-	33.12%
15	Ziemann Holvrieka GmbH ("Ziemann Holvrieka GmbH")	Business entity	Germany	Germany	Production, sales, design of liquid food equipment	EUR16,000,000	-	67.59%
16	Ziemann Holvrieka Inc. ("Ziemann USA")	Business entity	USA	USA	Production, sales, design of liquid food equipment	USD1,500,000	-	67.59%

(i) The Group obtains control of the company through control of its parent company Ziemann Holvrieka GmbH.

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 1. Equity in subsidiaries (Continued)

## (4) Subsidiaries with significant non-controlling interests

	Shareholding of non- controlling interests	Loss or profit attributable to non-controlling interests in 2023	Dividends distributed to non-controlling interests in 2023 (i)	Grand total non-controlling interests as at 31 December 2023
Enric	32.40%	410,627	115,150	4,781,765
CIMC Vehicles	43.22%	663,570	286,866	7,038,624

(i) The dividends declared to be distributed to non-controlling interests in 2023 have been paid in current year.

Core financial information of aforementioned significant but not wholly-owned subsidiaries is as follows:

	31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	20,958,661	6,472,130	27,430,791	12,363,286	2,693,861	15,057,147
CIMC Vehicles	16,521,521	7,316,307	23,837,828	7,740,454	650,281	8,390,735

	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	16,655,137	5,559,337	22,214,474	10,535,736	2,151,231	12,686,967
CIMC Vehicles	14,673,353	7,543,877	22,217,230	8,128,159	728,590	8,856,749

	2023			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Enric	23,190,484	1,163,561	1,164,305	1,785,416
CIMC Vehicles	25,086,577	2,447,761	2,697,413	1,790,204

	2022			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Enric	19,601,761	1,084,938	996,466	2,561,009
CIMC Vehicles	23,620,612	1,113,607	1,314,509	1,153,908



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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 1. Equity in subsidiaries (Continued)

#### (5) Significant transactions with non-controlling interests in current year

- (i) On 11 October 2023, CIMC Safe Tech completed its A-share initial public offering of 90,000,000 shares at RMB24.22 per share. This public offering had raised a total amount of RMB2,179,800,000, and the net amount raised was RMB2,028,273,000 after deducting the issue expenses of RMB151,527,000. The Group's subsidiary Enric remained an indirect controlling shareholder of CIMC Safe Tech after the completion of the public offering. The carrying amount of net assets attributable to ordinary shareholders of RMB757,142,000 was recognised as non-controlling interests, and the difference between the amount raised and the corresponding non-controlling interests was adjusted to increase the capital reserve in the amount of RMB1,271,131,000. The Group increased the capital reserve and non-controlling interests by RMB859,157,000 and RMB411,974,000 respectively in accordance with the Group's 67.59% shareholding in Enric, and the Group recognised a total of RMB1,169,116,000 in non-controlling interests.
- (ii) On 7 April 2023, the Company purchased the 100% equity in Shenzhen CIMC Special Vehicles Co., Ltd. ("**CIMCSV**") held by CIMC Vehicles, a not wholly-owned subsidiary of the Company. Upon completion of the acquisition, the Company's shareholding in CIMCSV has increased from 56.78% to 100%. The Group eliminated capital reserve of RMB646,076,000 after considering the effect of income tax and recognised non-controlling interests of RMB347,744,000.
- (iii) On 19 January 2023, CIMC Hong Kong, a subsidiary of the Group, purchased 13,935,000 H-shares of CIMC Vehicles at a price of HKD5.2891 per share through an open market block trade. The total consideration for the repurchase amounted to approximately RMB64,808,000, non-controlling interests were reduced by RMB90,735,000, and the difference between them was adjusted to increase the capital reserve in the amount of RMB25,927,000.

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in joint ventures and associates

## (1) Basic information of major joint ventures and associates

The Group identifies major joint ventures and associates by taking into account factors such as the proportion of their carrying amounts to the Group's consolidated total assets and the proportion of income from long-term equity investments under equity method to the Group's consolidated net profit, which are set out below:

	Main premises	Registration place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
<b>Associates -</b>						
CIMC Industry & City	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate	Yes	-	34.44% - 62.14%
CIMC CAPITAL Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease	No	-	45.43%
C&C Trucks	Wuhu, Anhui	Wuhu, Anhui	Research and development and manufacture of automobiles	No	35.42%	-

The equity mentioned above is measured by equity method.

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in joint ventures and associates (Continued)

#### (2) Core financial information of major associates

	CIMC Industry & City	
	31 December 2023	31 December 2022
Cash and cash equivalents	1,299,166	1,927,228
Other current assets	28,139,875	24,870,283
Total current assets	29,439,041	26,797,511
Total non-current assets	17,470,741	16,385,229
Total assets	46,909,782	43,182,740
Current liabilities	16,096,749	12,079,404
Non-current liabilities	19,978,595	20,405,749
Total liabilities	36,075,344	32,485,153

	CIMC Industry & City	
	31 December 2023	31 December 2022
Non-controlling interests	1,672,450	1,513,154
Equity attributable to shareholders of the Company	9,161,988	9,184,433
Adjustments according to fair value of identifiable net assets and goodwill	12,923,860	12,923,860
Equity attributable to shareholders of the Company (adjusted)	22,085,848	22,108,293
Shareholding ratio	34.44% – 62.14%	34.44% – 62.14%
Net assets proportion calculated by shareholding ratio (i)	7,792,740	7,791,820
Adjustments		
– Goodwill	–	–
– Others (ii)	(1,204,875)	(1,154,328)
Carrying amount of equity investment in the associates	6,587,865	6,637,492

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in joint ventures and associates (Continued)

## (2) Core financial information of major associates (Continued)

	CIMC CAPITAL	
	2023	2022
Revenue	3,252,154	5,508,805
Net profit	228,387	751,408
Other comprehensive income	7,102	117,113
Total comprehensive income	235,489	868,521
Dividends received from the associates in current year	90,500	185,087

	CIMC CAPITAL	
	31 December 2023	31 December 2022
Cash and cash equivalents	2,277,162	1,326,105
Other current assets	8,929,920	5,811,099
Total current assets	11,207,082	7,137,204
Total non-current assets	19,498,274	15,010,099
Total assets	30,705,356	22,147,303
Current liabilities	13,945,245	6,914,065
Non-current liabilities	11,496,445	10,345,841
Total liabilities	25,441,690	17,259,906

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in joint ventures and associates (Continued)

#### (2) Core financial information of major associates (Continued)

	CIMC CAPITAL	
	31 December 2023	31 December 2022
Non-controlling interests	637,385	668,973
Equity attributable to shareholders of the Company	4,626,281	4,218,424
Adjustments according to fair value of identifiable net assets and goodwill	–	–
Equity attributable to shareholders of the Company (adjusted)	4,626,281	4,218,424
Shareholding ratio	45.43%	45.43%
Net assets proportion calculated by shareholding ratio (i)	2,101,719	1,916,430
Carrying amount of equity investment in the associates	2,101,839	1,943,558

	CIMC CAPITAL	
	31 December 2023	From June to December 2022
Revenue	2,108,228	916,698
Net profit	430,046	166,724
Other comprehensive income	61,596	281,603
Total comprehensive income	491,642	448,327
Dividends received from the associates in current year	53,417	–

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## VI. EQUITY IN OTHER ENTITIES (Continued)

## 2. Equity in joint ventures and associates (Continued)

## (2) Core financial information of major associates (Continued)

	C&C Trucks 31 December 2023
Cash and cash equivalents	43,172
Other current assets	1,250,142
Total current assets	1,293,314
Total non-current assets	2,633,902
Total assets	3,927,216
Current liabilities	1,454,061
Non-current liabilities	354,483
Total liabilities	1,808,544

	C&C Trucks From March to December 2023
Non-controlling interests	–
Equity attributable to shareholders of the Company	2,118,672
Adjustments according to fair value of identifiable net assets and goodwill	–
Equity attributable to shareholders of the Company (adjusted)	2,118,672
Shareholding ratio	35.42%
Net assets proportion calculated by shareholding ratio (i)	750,434
Carrying amount of equity investment in the associates	750,363

	C&C Trucks From March to December 2023
Revenue	1,383,545
Net profit	(281,328)
Other comprehensive income	–
Total comprehensive income	(281,328)
Dividends received from the associates in current year	–

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## VI. EQUITY IN OTHER ENTITIES (Continued)

### 2. Equity in joint ventures and associates (Continued)

#### (2) Core financial information of major associates (Continued)

- (i) The Group calculated the portion of net assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the associates. The amount in consolidated financial statements of associates takes the fair value of assets and liabilities of the associates, and the effects of the uniform accounting policies into consideration. The assets involved in the transactions between the Group and its associates do not constitute business.
- (ii) Other adjustments are mainly the amount of the value-added part of the Group's equity in CIMC Industry & City, which corresponds to the fair value on the date of loss of control, and the corresponding carry-over amount after the corresponding value-added items are sold or used externally.

#### (3) Summary of information of insignificant joint ventures and associates

	2023	2022
Joint ventures:		
Total carrying amount of investments on 31 December 2023	790,101	510,623
Sub-total amount of the following items calculated based on the Group's equity proportion in joint ventures		
Net profit (i)	(45,598)	(38,353)
Other comprehensive income (i)	(42)	-
Total comprehensive income	(45,640)	(38,353)
Associates:		
Total carrying amount of investments on 31 December 2023	1,990,384	1,513,980
Sub-total amount of the following items calculated based on the Group's equity proportion in joint ventures		
Net profit (i)	128,612	5,166
Other comprehensive income (i)	(2,824)	3,342
Total comprehensive income	125,788	8,508

- (i) The amount of net profit and other comprehensive income takes the fair value of identifiable assets and liabilities, and the effects of the uniform accounting policies into consideration.

#### (4) Excess deficit of joint ventures and associates

There was no excess deficit of joint ventures or associates in 2023.

## VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

There was no significant equity of the structured body not included in the consolidation scope of the consolidated financial statements in current year.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The Company does not have any holding parent company.
2. For the information on the subsidiaries of the Company, refer to Note VI.1.
3. For the information on the joint ventures and associates of the Company, refer to Note VI.2

In addition to the important joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates are as follows:

	Main premises	Registration place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Joint ventures -						
Yantai Jinghai Ocean Fishery Co., Ltd. ("Yantai Jinghai")	Shandong	Shandong	Aquaculture, processing	No	-	42.11%
Tianzhu (Shanghai) International Freight Agency Co., Ltd. ("Tianzhu International")	Shanghai	Shanghai	International freight	No	-	18.81%
Dafei Lutong (Tianjin) Logistics Co., Ltd. ("Dafei Lutong (Tianjin)")	Tianjin	Tianjin	Road freight transportation	No	-	31.98%
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua (Tianjin)")	Tianjin	Tianjin	International freight	No	-	31.98%
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd. ("Qingdao Jiefeng")	Shandong	Shandong	Container services	No	-	21.94%
Associates -						
Beijing Boxcool Exhibition Co., Ltd. ("Boxcool")	Beijing	Beijing	Culture services	No	-	20.00%



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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 3. For the information on the joint ventures and associates of the Company, refer to Note VI.2 (Continued)

	Main premises	Registration place	Nature of business	Strategic for the Group or not	Shareholding percentage – Direct	Shareholding percentage – Indirect
'K' Line Zhenhua Logistics (Tianjin) Co., Ltd. (" <b>K' Line Zhenhua (Tianjin)</b> ")	Tianjin	Tianjin	Storage and logistics	No	–	31.98%
Dali Bohai Precious Metal Technology Co., Ltd. (" <b>Dali Bohai</b> ")	Yunnan	Yunnan	Metal technology	Yes	–	13.52%
Fujian Qingchen Bamboo Industry Co., Ltd. (" <b>Qingchen Bamboo Industry</b> ")	Fujian	Fujian	Bamboo industry	No	–	22.74%
Ocean En-Tech Ocean Energy Technology Holdings Limited (" <b>Ocean En-Tech</b> ") (i)	Huston	Huston	Onshore and offshore drilling platform operations	Yes	–	6.05%
Nantong CIMC Yike New Material Development Co., Ltd. (" <b>Yike New Material</b> ")	Nantong	Nantong	Development of new material	No	–	35.00%
Sichuan Zhongyixinwei Energy Co., Ltd. (" <b>Zhongyixinwei</b> ")	Sichuan	Sichuan	Clean energy	No	–	13.95%
Xuzhou Lugang Shilianda Logistics Development Co., Ltd. (" <b>Xuzhou Lugang Shilianda</b> ")	Xuzhou	Xuzhou	International freight	No	–	20.58%

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 3. For the information on the joint ventures and associates of the Company, refer to Note VI.2 (Continued)

	Main premises	Registration place	Nature of business	Strategic for the Group or not	Shareholding percentage - Direct	Shareholding percentage - Indirect
Qingdao Port Lianhua International Logistics Co., Ltd. (" <b>Qingdao Port Lianhua</b> ")	Qingdao	Qingdao	International freight	No	-	25.08%
Tianzhu (Shanghai) International Freight Agency Co., Ltd. (" <b>Tianzhu International</b> ")	Shanghai	Shanghai	International freight	No	-	18.81%
Yichuan Tianyun Clean Energy Co., Ltd. (" <b>Yichuan Tianyun</b> ")	Shaanxi	Shaanxi	Clean energy	No	-	26.16%
Senju (Shanghai) International Trade Co., Ltd. (" <b>Senju (Shanghai)</b> ")	Shanghai	Shanghai	International trade	No	-	17.03%
Ningbo Mediterranean Container Yard Co., Ltd. (" <b>Ningbo Mediterranean</b> ")	Ningbo	Ningbo	Container services	No	-	30.72%
OOS international B.V.	The Netherlands	The Netherlands	Offshore engineering investment	No	-	35.00%
Chengdu To Communication Equipment Co., Ltd. (" <b>Chengdu To</b> ")	Sichuan	Sichuan	Communication services	No	-	20.00%

- (i) The Group's proportion of investments in Ocean En-Tech is relatively low, and such investments are both strategic holding investment. However, since the Group has appointed directors in the company, the Group believes that it can exert significant influence on the company. Therefore, the Group regards it as an associate for subsequent measurement based on the equity method.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 3. For the information on the joint ventures and associates of the Company, refer to Note VI.2 (Continued)

Company name	Connection relationship
SIPG and its subsidiaries	Non-controlling interests of subsidiaries of the Group
Suzhou International Train Freight Co., Ltd. (" <b>International Train Freight</b> ")	Non-controlling interests of subsidiaries of the Group
Ningxia Yuanshan New Energy Group Co., Ltd. (" <b>Ningxia Yuanshan</b> ")	Non-controlling interests of subsidiaries of the Group
China Merchants Port Group Co., Ltd. (" <b>Merchants Port and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Shenzhen Capital and its subsidiaries	Subsidiary of the Group's significant shareholder
Sinotrans & CSC Holdings Co., Ltd. (" <b>Sinotrans &amp; CSC and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Liaoning Port Group Co., Ltd. (" <b>Liaoning Port and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Sinotrans Container Lines Co., Ltd. (" <b>Sinotrans Container Lines and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
Shenzhen Huijin Intelligent Industry Co., Ltd. (" <b>Huijin Intelligent and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Offshore Engineering Investment Shenzhen Co., Ltd. (" <b>CMOEI and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder
China Merchants Shekou Industrial Zone Co., Ltd. (" <b>China Merchants Shekou and its subsidiaries</b> ")	Subsidiary of the Group's significant shareholder

### 4. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements and followed the normal approval procedures for non-related party transactions.

#### (1) Purchase of goods and receiving of services

	2023	2022
– Purchase of goods		
Yike New Material	72,108	5,808
Qingchen Bamboo Industry	58,958	103,333
Boxcool	18,861	2,107
Other related parties	7,426	11,571
	<b>157,353</b>	<b>122,819</b>

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 4. Related party transactions (Continued)

## (1) Purchase of goods and receiving of services (Continued)

	2023	2022
– Receiving of services		
Sinotrans & CSC and its subsidiaries	746,656	1,084,920
SIPG and its subsidiaries	673,234	374,874
International Train Freight	153,006	109,310
Dafei Lutong (Tianjin)	38,395	31,933
Ningbo Mediterranean	22,302	15,363
Qingdao Port Lianhua	18,018	19,067
Xuzhou Lugang Shilianda	14,808	8,397
Liaoning Port and its subsidiaries	12,839	15,209
Merchants Port and its subsidiaries	10,716	8,983
CIMC CAPITAL and its subsidiaries	2,946	35,906
CIMC Industry & City and its subsidiaries	123	612
Sinotrans Container Lines and its subsidiaries	1,925	3,152
Other related parties	72,356	49,779
	<b>1,767,324</b>	<b>1,757,505</b>

For the above transactions between the Group and related parties involving continuing connected transaction agreements with the Group, none of the actual transaction amounts in 2023 exceeded the upper limit of the amount agreed in the approved continuing connected transaction agreements.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (2) Sales of goods and rendering of services

	2023	2022
– Sales of goods		
CIMC CAPITAL and its subsidiaries	404,440	637,709
CMOEI and its subsidiaries	109,707	–
Yantai Jinghai	43,607	295,415
Shenzhen Capital and its subsidiaries	7,140	5,221
C&C Trucks	12,896	–
CIMC Industry & City and its subsidiaries	13,704	2,359
Sinotrans & CSC and its subsidiaries	10,308	7,494
SIPG and its subsidiaries	7,603	4,139
Liaoning Port and its subsidiaries	1,220	185
Qingdao Jiefeng	1,153	1,057
Merchants Port and its subsidiaries	320	654
Sinotrans Container Lines and its subsidiaries	19	93,983
Other related parties	91,244	11,315
	<b>703,361</b>	<b>1,059,531</b>

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 4. Related party transactions (Continued)

## (2) Sales of goods and rendering of services (Continued)

	2023	2022
– Rendering of services		
Sinotrans & CSC and its subsidiaries	201,888	179,832
Tianzhu International	42,469	101,972
Dafei Lutong (Tianjin)	35,054	30,135
NKY Zhenhua (Tianjin)	25,082	33,154
SIPG and its subsidiaries	24,134	21,617
International Train Freight	61,286	11,342
CIMC Industry & City and its subsidiaries	2,094	2,355
Xuzhou Lugang Shilianda	1,808	6,728
Liaoning Port and its subsidiaries	1,971	2,392
CIMC CAPITAL and its subsidiaries	1,933	910
Huijin Intelligent and its subsidiaries	205	9,631
Sinotrans Container Lines and its subsidiaries	61	–
Merchants Port and its subsidiaries	8	–
Other related parties	64,041	106,180
	<b>462,034</b>	<b>506,248</b>

For the above transactions between the Group and related parties involving continuing connected transaction agreements with the Group, none of the actual transaction amounts in 2023 exceeded the upper limit of the amount agreed in the approved continuing connected transaction agreements.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (3) Leasing

The short-term lease income recognised by the Group as the lessor in current year:

Lessee's name	Type of the leased asset	2023	2022
Ocean En-Tech	Jack-up drilling platform	189,993	125,201
SIPG and its subsidiaries	Container yard	5,378	–
Other related parties	Container yard	11,104	10,829
		<b>206,475</b>	136,030

The financing lease income recognised by the Group as the lessor in current year:

Lessee's name	Type of the leased asset	2023	2022
New Horizon Shipping UG	Ship	–	45,439
Zhongyixinwei	Energy equipment	–	354
		–	45,793

The Group's increased right-of-use assets as lessee in current year:

Lessor's name	Type of the leased asset	2023	2022
CIMC Industry & City and its subsidiaries	Buildings	20,186	20,284
China Merchants Shekou and its subsidiaries	Buildings	13,686	20,410
		<b>33,872</b>	40,694

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 4. Related party transactions (Continued)

## (3) Leasing (Continued)

Interest expenses on lease liabilities assumed by the Group as the lessee:

Lessor's name	2023	2022
Liaoning Port and its subsidiaries	1,411	1,108
China Merchants Shekou and its subsidiaries	1,109	–
Other related parties	622	2,535
	<b>3,142</b>	<b>3,643</b>

Rental expenses for short-term leases and low-value leases for which the Group is the lessee is recognised directly in profit or loss:

Lessor's name	2023	2022
Merchants Port and its subsidiaries	3,385	–
Liaoning Port and its subsidiaries	821	–
Other related parties	1,606	1,261
	<b>5,812</b>	<b>1,261</b>



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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (4) Receivables arising from financing for related parties

Related parties	Opening balance	Increase in current year	Decrease in current year	Ending balance	Starting date	Ending date	Interest income/ expenses/ commission recognised
Financing provided							
CIMC Industry & City and its subsidiaries	353,265 1,014	369,014 -	(57,007) -	<b>665,272</b> <b>1,014</b>	29 September 2022 27 March 2018	22 December 2026 Repayment date not fixed	28,232 -
Ningxia Yuanshan	60,510	-	(40,156)	<b>20,354</b>	18 June 2021	Repayment date not fixed	-
'K' Line Zhenhua (Tianjin)	5,893	10,333	(6,215)	<b>10,011</b>	10 January 2023	19 December 2024	29
NKY Zhenhua (Tianjin)	9,318	372	(3,626)	<b>6,064</b>	29 September 2022	20 December 2025	351
	430,000			<b>702,715</b>			

Related parties	Opening balance	Increase in current year	Decrease in current year	Ending balance	Interest paid	Interest and commission received
Financing received						
CIMC Industry & City and its subsidiaries	337,976	18,590,531	(18,789,876)	<b>138,631</b>	2,025	9
CIMC CAPITAL and its subsidiaries	138,795	10,649,802	(10,685,169)	<b>103,428</b>	1,616	3
	476,771			<b>242,059</b>		

#### (5) Guarantee

The Group as the guarantor:

Guaranteed party name	Guarantee balance	Starting date	Ending date	Whether the guarantee has been fulfilled
CIMC Industry & City and its subsidiaries	244,549	1 January 2023	7 July 2024	No
CIMC CAPITAL and its subsidiaries	1,032,828	1 January 2023	22 April 2033	No
C&C Trucks	106,260	1 January 2023	1 February 2025	No

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 4. Related party transactions (Continued)

## (6) Loans provided by the Group to key management personnel

As at 31 December 2023, the Group had no loans to key management personnel (31 December 2022: Nil).

## 5. Balance of related parties

## (1) Account receivables

As at 31 December 2023, account receivables from related parties were analysed as follows

Company name	31 December 2023			31 December 2022		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Ocean En-Tech	47,220	0.21%	19	40,925	0.18%	16
Dali Bohai	43,816	0.19%	18	9,415	0.04%	4
Sinotrans & CSC and its subsidiaries	32,548	0.14%	13	22,228	0.10%	9
Yantai Jinghai	28,882	0.13%	12	204,058	0.92%	82
CIMC CAPITAL and its subsidiaries	13,964	0.06%	6	54,339	0.24%	22
SIPG and its subsidiaries	7,991	0.03%	3	15,503	0.07%	6
Shenzhen Capital and its subsidiaries	6,241	0.03%	2	8,518	0.04%	3
CMOEI and its subsidiaries	4,658	0.02%	2	-	-	-
CIMC Industry & City and its subsidiaries	1,679	0.01%	1	54,238	0.24%	22
Merchants Port and its subsidiaries	184	-	-	-	-	-
Liaoning Port and its subsidiaries	108	-	-	138	-	-
Huijin Intelligent and its subsidiaries	23	-	-	-	-	-
Sinotrans Container Lines and its subsidiaries	3	-	-	106,187	0.48%	42
Other related parties	61,740	0.27%	25	70,503	0.32%	28
	<b>249,057</b>	<b>1.09%</b>	<b>101</b>	<b>586,052</b>	<b>2.63%</b>	<b>234</b>

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Balance of related parties (Continued)

#### (2) Other receivables

As at 31 December 2023, other receivables from related parties were analysed as follows

Company name	31 December 2023				31 December 2022			
	Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
CIMC Industry & City and its subsidiaries	666,286	Receivables arising from financing for related parties	14.58%	18,076	354,279	Receivables arising from financing for related parties	10.89%	-
CIMC Industry & City and its subsidiaries	133,731	Daily transfer	2.93%	915	136,036	Daily transfer	4.18%	-
Ningxia Yuanshan	20,354	Receivables arising from financing for related parties	0.45%	13,376	60,510	Receivables arising from financing for related parties	1.86%	39,636
OOS international Holding	15,038	Daily transfer	0.33%	-	-	Receivables arising from financing for related parties	-	-
'K' Line Zhenhua (Tianjin)	10,011	Receivables arising from financing for related parties	0.22%	-	5,893	Receivables arising from financing for related parties	0.18%	-
NKY Zhenhua (Tianjin)	6,064	Receivables arising from financing for related parties	0.13%	-	9,318	Receivables arising from financing for related parties	0.29%	-
Sinotrans & CSC and its subsidiaries	4,555	Daily transfer	0.10%	-	3,716	Daily transfer	0.11%	-

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Balance of related parties (Continued)

## (2) Other receivables (Continued)

Company name	31 December 2023				31 December 2022			
	Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
Merchants Port and its subsidiaries	2,793	Daily transfer	0.06%	-	1,583	Daily transfer	0.05%	-
SIPG and its subsidiaries	2,948	Daily transfer	0.06%	-	3,860	Daily transfer	0.12%	-
Liaoning Port and its subsidiaries	2,419	Daily transfer	0.05%	-	1,438	Daily transfer	0.04%	-
CIMC CAPITAL and its subsidiaries	300	Daily transfer	0.01%	-	1,600	Daily transfer	0.05%	-
Sinotrans Container Lines and its subsidiaries	225	Daily transfer	-	-	530	Daily transfer	0.02%	-
CMOEI and its subsidiaries	150	Daily transfer	-	-	-	Daily transfer	-	-
Other related parties	13,976		0.33%	-	8,912		0.27%	-
	<b>878,850</b>		<b>19.25%</b>	<b>32,367</b>	<b>587,675</b>		<b>17.79%</b>	<b>39,636</b>

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Balance of related parties (Continued)

#### (3) Advances to suppliers

Advances to related parties are analysed as follows:

Company name	31 December 2023			31 December 2022		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
CIMC CAPITAL and its subsidiaries	18,727	0.22%	-	90	-	-
CIMC Industry & City and its subsidiaries	2,191	0.03%	-	48	-	-
International Train Freight	1,843	0.02%	-	-	-	-
SIPG and its subsidiaries	1,425	0.02%	-	1,293	0.02%	-
Merchants Port and its subsidiaries	872	0.01%	-	77	-	-
Liaoning Port and its subsidiaries	11	-	-	46	-	-
Sinotrans Container Lines and its subsidiaries	6	-	-	861	0.01%	-
Sinotrans & CSC and its subsidiaries	1,768	-	-	11,795	0.20%	-
Other related parties	15,384	0.42%	-	2,223	0.04%	-
	42,227	0.72%	-	16,433	0.27%	-

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Balance of related parties (Continued)

## (4) Long-term receivables

Company name	31 December 2023	31 December 2022
New Horizon Shipping UG	–	45,439
Zhongyixinwei	–	354
	–	45,793

## (5) Account payables

As at 31 December 2023, account payables owed to related parties were as follows:

Company name	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Sinotrans & CSC and its subsidiaries	72,334	0.36%	49,457	0.30%
SIPG and its subsidiaries	61,298	0.30%	42,191	0.25%
Yike New Material	16,916	0.08%	1,844	0.01%
Qingchen Bamboo Industry	15,031	0.07%	10,697	0.06%
Merchants Port and its subsidiaries	1,073	0.01%	2,035	0.01%
Liaoning Port and its subsidiaries	872	–	4,910	0.03%
CMOEI and its subsidiaries	424	–	–	–
Sinotrans Container Lines and its subsidiaries	17	–	385	–
CIMC Industry & City and its subsidiaries	14	–	168	–
CIMC CAPITAL and its subsidiaries	10,009	0.05%	42,218	0.25%
Other related parties	24,665	0.12%	64,093	0.39%
	202,653	0.99%	217,998	1.30%

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 5. Balance of related parties (Continued)

#### (6) Other payables

Company name	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
CIMC CAPITAL and its subsidiaries	94,332	1.48%	233,127	3.32%
OOS international B.V.	19,545	0.31%	4,422	0.06%
CIMC Industry & City and its subsidiaries	3,843	0.06%	351,557	5.01%
SIPG and its subsidiaries	2,984	0.05%	2,521	0.04%
Sinotrans & CSC and its subsidiaries	1,892	0.03%	4,182	0.06%
China Merchants Shekou and its subsidiaries	3,626	0.06%	246	–
Chengdu Eldoroute	1,250	0.02%	1,250	0.02%
Merchants Port and its subsidiaries	187	–	246	–
Liaoning Port and its subsidiaries	169	–	–	–
Other related parties	11,968	0.19%	61,869	0.88%
	<b>139,796</b>	<b>2.20%</b>	<b>659,420</b>	<b>9.39%</b>

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 5. Balance of related parties (Continued)

## (7) Contract liabilities

As at 31 December 2023, contract liabilities owed to related parties were as follows:

Company name	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
CIMC CAPITAL and its subsidiaries	129,736	0.99%	37,671	0.31%
CMOEI and its subsidiaries	81,050	0.62%	–	0.31%
Sinotrans & CSC and its subsidiaries	52,660	0.40%	341	–
SIPG and its subsidiaries	3,950	0.03%	193	–
CIMC Industry & City and its subsidiaries	1,237	0.01%	3,547	0.03%
Shenzhen Capital and its subsidiaries	758	0.01%	791	0.01%
Merchants Port and its subsidiaries	240	–	207	–
Liaoning Port and its subsidiaries	196	–	252	–
Other related parties	14,111	2.13%	774	–
	<b>283,938</b>	<b>4.19%</b>	<b>43,776</b>	<b>0.66%</b>



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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 6. Commitments of related parties

As at 31 December 2023, there were no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

### 7. Benefits and significant interests of directors and senior management personnel

- (1) Share options and shares are granted to some key management personnel under share option plan, restricted share incentive plan, CIMC Safeway Technologies Award Scheme and CLPT Award Scheme of Enric (the Company' subsidiary) and share incentive plan of CIMC TianDa (the Company' subsidiary). As at 31 December 2023, the number and proportion of outstanding share options and shares in the corresponding company were as follows:

Name	Position	Enric and its subsidiaries								CIMC Tianda	
		Share option plan		Restricted share incentive plan		CIMC Safeway Technologies Award Scheme		CLPT Award Scheme		Share incentive plan	
		Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%	Number (10 thousand)	%
Gao Xiang	Chairman	33.33	0.02%	120.00	0.06%	170.00	0.33%	433.33	0.59%	-	-
Yu Yuqun	Vice Chairman	15.00	0.01%	80.00	0.04%	68.00	0.13%	-	-	9.40	0.02%
Zeng Han	Senior management personnel	15.00	0.01%	60.00	0.03%	68.00	0.13%	72.22	0.10%	9.40	0.02%
Li Yinhui	Senior management personnel	-	-	-	-	-	-	-	-	18.80	0.05%
<b>Total</b>		<b>63.33</b>	<b>0.04%</b>	<b>260.00</b>	<b>0.13%</b>	<b>306.00</b>	<b>0.59%</b>	<b>505.55</b>	<b>0.69%</b>	<b>37.60</b>	<b>0.09%</b>

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 7. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2023 were as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Directors -</b>						
Mai Boliang	-	3,600	88	7,020	393	11,101
Zhu Zhiqiang	-	-	-	-	-	-
Hu Xianfu	-	-	-	-	-	-
Sun Huirong	-	-	-	-	-	-
Deng Weidong	-	-	-	-	-	-
Zhao Feng	Note (i)	-	-	-	-	-
Lui Fung Mei Yee, Mabel	240	-	-	-	-	240
Zhang Guanghua	240	-	-	-	-	240
Yang Xiong	240	-	-	-	-	240
Sub-total	720	3,600	88	7,020	393	11,821

Note (i): On 26 September 2023, Ms. Zhao Feng was elected as a non-executive director of the tenth Board of Directors according to the resolution of the third extraordinary general meeting of the Company in 2023.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 7. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2023 were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors -</b>						
Shi Lan	-	-	-	-	-	-
Lin Changsen	Note (ii)	-	-	-	-	-
Lou Dongyang	Note (iii)	-	-	-	-	-
Ma Tianfei	-	878	129	1,490	43	2,540
Sub-total	-	878	129	1,490	43	2,540

Note (ii): On 16 March 2023, Mr. Lin Changsen was re-elected as a supervisor representing the Shareholders in the tenth Board of Supervisors according to the resolution of the first extraordinary general meeting of the Company in 2023.

Note (iii): On 16 March 2023, Mr. Lou Dongyang ceased to act as a supervisor representing the shareholders of the Company due to job change.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 7. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2023 were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Other senior management personnel –</b>						
Gao Xiang	-	2,164	165	3,888	43	6,260
Li Yinhui	-	1,649	199	2,732	44	4,624
Huang Tianhua	-	1,660	142	2,981	32	4,815
Yu Yuqun	-	1,664	89	2,484	43	4,280
Zeng Han	-	1,444	165	2,592	43	4,244
Wu Sanqiang	-	1,210	165	1,728	43	3,146
Sub-total	-	9,791	925	16,405	248	27,369
Total	720	14,269	1,142	24,915	684	41,730

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

In addition to the above emolument attributable to the year 2023, the Company also paid the emolument attributable to the previous years to Mr. Mai Boliang, a director, and other senior management personnel in cash during the year amounting to RMB3,966,000 and RMB10,119,000 respectively.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 7. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Directors –</b>							
Mai Boliang	–	3,600	85	9,394	396	13,475	
Hu Xianfu	–	–	–	–	–	–	
Zhu Zhiqiang	–	–	–	–	–	–	
Kong Guoliang	Note (i)	–	–	–	–	–	
Deng Weidong	–	–	–	–	–	–	
Ming Dong	Note (ii)	–	–	–	–	–	
He Jiale	Note (iii)	120	–	–	–	120	
Pan Zhengqi	Note (iii)	120	–	–	–	120	
Yang Xiong	Note (iv)	123	–	–	–	123	
Zhang Guanghua	Note (iv)	123	–	–	–	123	
Sun Huirong	Note (v)	–	–	–	–	–	
Lui Fung Mei Yee, Mabel		240	–	–	–	240	
<b>Sub-total</b>		<b>726</b>	<b>3,600</b>	<b>85</b>	<b>9,394</b>	<b>396</b>	<b>14,201</b>

Note (i): On 28 June 2022, Mr. Kong Guoliang was elected as a non-executive director of the Board of Directors and on 23 September 2022, Mr. Kong Guoliang resigned due to job change.

Note (ii): On 4 July 2022, Mr. Ming Dong resigned as a non-executive director of the Company due to work arrangement.

Note (iii): On 28 June 2022, the term of office of the ninth Board of Directors of the Company expired, and Mr. He Jiale and Mr. Pan Zhengqi ceased to serve as independent non-executive directors of the Company due to the expiry of their terms of office.

Note (iv): On 28 June 2022, Mr. Yang Xiong and Mr. Zhang Guanghua were elected as independent non-executive directors of the tenth Board of Directors according to the resolutions of the annual general meeting of the Company in 2021.

Note (v): On 14 November 2022, Mr. Sun Huirong was elected as a non-executive director of the tenth Board of Directors according to the resolution of the third extraordinary general meeting of the Company in 2022.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

## 7. Benefits and significant interests of directors and senior management personnel (Continued)

## (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors –</b>						
Lou Dongyang		–	–	–	–	–
Xiong Bo	Note (vi)	–	111	–	534	645
Shi Lan		–	–	–	–	–
Ma Tianfei	Note (vii)	–	418	64	–	503
Sub-total		–	529	64	534	1,148

Note (vi): On 28 June 2022, the term of office of the ninth Board of Supervisors of the Company expired, and Mr. Xiong Bo ceased to serve as a supervisor representing the employees of the Company due to the expiry of his term of office.

Note (vii): On 28 June 2022, Mr. Ma Tianfei was elected as a supervisor representing the employees of the tenth Board of Supervisors according to the resolution of the general meeting of employees.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 7. Benefits and significant interests of directors and senior management personnel (Continued)

#### (2) Emoluments of the directors, supervisors and senior management personnel of the Company (Continued)

Emoluments of the directors, supervisors and senior management personnel for the year ended 31 December 2022 were as follows: (Continued)

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Other senior management personnel –</b>						
Gao Xiang	–	2,164	153	4,025	40	6,382
Li Yinhui	–	1,675	228	3,157	40	5,100
Huang Tianhua	–	1,660	153	4,122	40	5,975
Yu Yuqun	–	1,623	86	3,390	40	5,139
Zeng Han	–	1,444	153	2,316	40	3,953
Wu Sanqiang	–	1,210	149	2,196	40	3,595
Sub-total	–	9,776	922	19,206	240	30,144
Total	726	13,905	1,071	29,134	657	45,493

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

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**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)****7. Benefits and significant interests of directors and senior management personnel (Continued)****(3) Termination benefits for directors**

In 2023, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2022: Nil).

**(4) Consideration paid to third parties for service of directors**

In 2023, there was no consideration paid to third parties for service of directors (2022: Nil).

**(5) Loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons**

As at 31 December 2023, there were no loans, quasi-loans offered to and other transactions with directors, legal entities controlled by directors and their related persons (31 December 2022: Nil).

**(6) Guarantees for loans of directors, legal entities controlled by directors and their related persons**

As at 31 December 2023, there were no guarantees for loans of directors, legal entities controlled by directors and their related persons (31 December 2022: Nil).

**(7) Significant interest of directors in transactions, arrangement and contracts**

In 2023, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (2022: Nil).



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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### 8. Top 5 of the emoluments

In 2023, the top 5 of the emoluments consisted of 1 director and executive officer, and 3 senior management personnel. Their emoluments have been reflected in Note VIII.8(2); the emolument of other 1 staff is listed as follow:

	2023	2022
Remuneration, bonus, housing and other funds	5,934	5,335
Bonus	–	–
Pension	48	45
Sign-on bonus	–	–
Severance compensation	–	–
	<b>5,982</b>	<b>5,380</b>

	Number of people	
	2023	2022
Emoluments range (HKD): HKD11,500,001 – HKD12,000,000	–	1

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## IX. SHARE-BASED PAYMENTS

## 1. Summary of the Group's major share-based payments

Expenses recognised for the year arising from share-based payments are as follows:

	2023	2022
Equity-settled share-based payments	88,685	137,565

## 2. Information on equity-settled share-based payments

## (1) Information on equity-settled share-based payments of Enric

## (a) Share option plan

Enric carried out another share option plan ("**Plan I**"), which was approved by the shareholders' meeting on 12 July 2006. According to Plan I, the Board of Directors of the Company was authorised to grant share options to the senior management personnel and other employees of Enric to subscribe for shares of Enric. And the Granter shall pay a consideration of HKD1 when granting share options. Each option gives the holder the right to subscribe for one ordinary share in Enric. The grant period is 10 years from the date of grant. Plan I expires on 11 July 2016. Enric adopts a new share option plan ("**Plan II**") from 12 July 2016. The validity period of Plan II is 10 years. As at 31 December 2023, a total of 39,500,000 share options were granted under Plan II.

On 21 November 2023, Enric granted 39,500,000 share options. The options granted will be exercised at 33.3%, 33.3% and 33.4% on 31 March 2025, 31 March 2026 and 31 March 2027 respectively, if the vesting conditions are met.

As at 31 December 2023, the exercise price of the outstanding options was HKD8.81 (2022: HKD11.24) and the weighted average remaining contractual life was 5.92 years (2022: 1.427 years). Expenses arising from the share option plan recognised in 2023 amounted to RMB4,520,000 (2022: Nil).

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### IX. SHARE-BASED PAYMENTS (Continued)

#### 2. Information on equity-settled share-based payments (Continued)

##### (1) Information on equity-settled share-based payment of Enric (Continued)

###### (b) *Share award scheme (2020)*

The Board of Directors of Enric adopted the Share Award Scheme (2020) (“**2020 Award Scheme**”) on 3 April 2020. According to the 2020 Award Scheme, the Board of Directors of Enric has the sole discretion to select any Enric employee as a qualified participant of the scheme. The Board of Directors of Enric can also determine the number of shares to be granted in the future (subject to any unlocking conditions) and the consideration (if any) that eligible participants need to pay. The Board of Directors of Enric has appointed a trustee to use Enric’s resources to purchase Enric’s shares on the Hong Kong Stock Exchange. The trustee will hold these shares in accordance with the terms of the trust contract and transfer these shares to the relevant participants after the relevant unlocking conditions are fulfilled.

As at 31 December 2023, the trustee had purchased 39,898,000 shares of Enric according to the 2020 Award Scheme (31 December 2022: 39,198,000 shares)

In 2023, a total of 2,544,730 shares were granted to selected participants under the 2020 Award Scheme. The shares are held by the trustee on behalf of the selected participants until the grant shares are exercised. Selected participants are entitled to the related distribution derived from the relevant grant shares during the period from the date of the issue of the grant shares to the exercise date (both dates inclusive) of the grant shares.

The selected participants include certain directors, certain members of senior management and employees of Enric who under the terms of the 2020 Award Scheme subscribed for the restricted shares at HKD3.70 per share.

For shares granted on 7 December 2022, if the vesting conditions are fulfilled, the grant shares shall be exercised at 72.1% and 27.9% by April 2023 and April 2024, respectively. For shares granted on 13 November 2023, if the vesting conditions are fulfilled, the grant shares shall be exercised at 3.97% and 96.03% by April 2024 and April 2025, respectively. For participants who do not meet the exercise conditions, the remaining unexercised shares at the end of the 2020 Award Scheme will be forfeited.

The fair value of the awarded shares was assessed based on the market price of Enric’s shares at the grant date. The expected dividends and time value of money for the expected dividends during the waiting period were taken into account when assessing the fair value of the awarded shares.

The fair value of awarded shares granted on 7 December 2022 and 13 November 2023 was HKD3.33 (equivalent to approximately RMB2.98) per share and HKD8.81 (equivalent to approximately RMB5.92) per share, respectively. Expenses arising from share-based payments recognised in 2023 under the 2020 Award Scheme were RMB29,144,000 (2022: RMB66,897,000).

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## IX. SHARE-BASED PAYMENTS (Continued)

## 2. Information on equity-settled share-based payments (Continued)

## (1) Information on equity-settled share-based payment of Enric (Continued)

- (c) On 27 November 2020, the Board of Directors of Enric adopted the CIMC Safeway Technologies Award Scheme ("**CIMC Safeway Technologies Award Scheme**"), an equity incentive plan of a subsidiary CIMC Safeway Technologies, for the recognition of the past and present contributions of incentive recipients to the Chemicals and Environment business segment, motivating them to keep contributing in the future. Equity of CIMC Safeway Technologies will be distributed to the incentive recipients through a Partnership Platform upon completion of the increase of share capital of CIMC Safeway Technologies pursuant to the scheme. The total capital contribution made by the participants (through the Partnership Platforms) of the CIMC Safeway Technologies Award Scheme was approximately RMB97,134,000 (2022: RMB139,719,000), representing 10% of the enlarged share capital of CIMC Safeway Technologies. As at 31 December 2023, there was still a waiting period. Expenses arising from share-based payments recognised in 2023 under the scheme were RMB19,943,000 (2022: RMB15,604,000).
- (d) On 8 June 2022, the Board of Directors of Enric adopted the CLPT Award Scheme ("**CLPT Award Scheme**"), an equity incentive plan of a subsidiary CIMC Liquid Process Technologies Co., Ltd. ("CLPT"), for the recognition of the past and present contributions of incentive recipients to the Liquid Food business segment. Equity of CLPT will be distributed to the incentive recipients through a Partnership Platform upon completion of the increase of share capital of CLPT pursuant to the scheme. The total capital contribution made by the participants (through the Partnership Platforms) of the CLPT Award Scheme was approximately RMB82,934,000, representing 6.33% of the enlarged share capital of CLPT. As at 31 December 2023, there was still a waiting period. Expenses arising from share-based payments recognised in 2023 under the scheme were RMB22,808,000 (2022: RMB22,808,000).

## (2) Information on equity-settled share-based payments of CIMC TianDa

On 9 March 2005, 9 employees of Tianda Airport together with the Labour Union of Tianda Airport (hereinafter "**Tianda Labour Union**") established Shenzhen TGM Limited (hereinafter "**Employee Shareholding Platform**") with a registered capital of RMB9.40 million, in which Tianda Labour Union holds 61.3% of the equity interests. Since 2005, Shenzhen TGM Limited has granted the reserved shares held by Tianda Trade Union to the employees of Tianda Airport as a reward in batches on an annual basis. The waiting period of the restricted share incentive plan of CIMC TianDa participated by these employees is 5 years. CIMC TianDa determines the fair value of the restricted shares based on the price of the ordinary shares on the grant date. The difference between the fair value of each restricted share and the capital increase price of each share held by the incentive recipients is amortised and credited to the expenses of share-based payments during the waiting period.

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## IX. SHARE-BASED PAYMENTS (Continued)

### 2. Information on equity-settled share-based payments (Continued)

#### (3) Information on equity-settled share-based payments of CIMC Wetrans

In 2020, pursuant to the Core Employee Stock Ownership Plan of CIMC Wetrans Logistics Technology (Group) Co., Ltd., a shareholding platform was established, through which the employees eligible for the incentive were granted incentive shares. In 2023, the difference between the consideration of the equity granted to eligible employees through the shareholding platform within CIMC Wetrans Logistics Technology (Group) Co., Ltd. and the fair value of the net assets shared by the granted equity was recognised in general and administrative expenses and capital reserve.

#### (4) Information on equity-settled share-based payments of CIMC Transportation Technology

In 2022, a subsidiary of the Group, CIMC Transportation Technology Co., Ltd., using Ningbo Bochuang Xingxu Enterprise Management Partnership (Limited Partnership) as an employee shareholding platform, granted incentive equity to employees that met the incentive conditions by transferring the property share of the employee's shareholding platform company. In 2023, the difference between the consideration for the equity obtained by the employees and the fair value of the net assets corresponding to this part of the equity was recognised in general and administrative expenses and capital reserve by CIMC Transportation Technology Co., Ltd.

### 3. Summary of share-based payments in current year

As at 31 December 2023, accumulated amount recognised in capital reserve for share-based payments

675,989

Total expenses recognised for share-based payments	2023	2022
Including:		
– attributed to Enric	76,416	105,309
– attributed to CIMC TianDa	10,691	30,085
– attributed to CIMC Wetrans	220	697
– attributed to CIMC Transportation Technology	1,358	480
– attributed to other companies	–	994
	<b>88,685</b>	<b>137,565</b>

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## X. CONTINGENCIES

### 1. Guarantees provided for external parties

CIMC Vehicles, a subsidiary of the Group, engages in the vehicle purchase credit business and enters into credit guarantee agreements with China Merchants Bank and Industrial Bank to provide credit guarantees for the financing provided by the respective banks to the Group's and its holding subsidiaries' distributors and customers for the purchase of vehicle products. As at 31 December 2023, the aggregate amount of credit facilities in respect of which the Group and its holding 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 recognised the 12-month ECL (Note IV.36).

The Company entered into a guarantee agreement with the Export-Import Bank of China Anhui Branch to provide guarantees for the loans of the associate C&C Truck and its subsidiaries. As at 31 December 2023, the amount guaranteed by the Company was 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, Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., cooperated with Shaanxi Xianyang Qindu Rural Commercial Bank, in mortgage credit cooperation. It signed a housing loan guarantee contract, which provides a phased guarantee for loans granted by the relevant bank to the company's customers for the purchase of 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.

Holding subsidiaries of Enric signed guarantee contracts with China Everbright Bank ("CEB") 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 holding subsidiaries of Enric were 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 CAPITAL 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.

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### X. CONTINGENCIES (Continued)

#### 2. Major litigation matters

CIMC Group's head office and its subsidiary Dalian CIMC Logistics Equipment Co., Ltd. and other seven entities (collectively referred to as "**the Defendants**") have received litigation materials served by the Singapore High Court since 7 July 2023. Goodpack IBC (Singapore) PTE. Ltd and Goodpack PTE. Ltd (collectively referred to as "**the Plaintiffs**") claimed that the Defendants, in entering into the IBC (Intermediate Bulk Container) leasing business of the rubber industry, were suspected of "copying the Plaintiffs' products, the invention and utility model patents applied for in China involving the Plaintiffs' technology and confidential information, and misappropriating the Plaintiffs' intellectual property and technology". The Plaintiffs alleged breach of confidentiality, conspiracy to infringe and unjust enrichment and sought damages of USD9,856,200. The Plaintiffs sought an order enjoining the Defendants from manufacturing and recalling all infringing IBC cases and paying the profits obtained from the infringement. The Plaintiffs also claimed that the Defendants were jointly liable. Subsequently, Goodpack IBC (Singapore) PTE. Ltd filed an arbitration with the Singapore International Arbitration Centre ("**SIAC**") on 2 February 2024 against the Company's subsidiaries, Dalian CIMC Special Logistics Equipment Co., Ltd. and Dalian CIMC Logistics Equipment Co., Ltd. (collectively referred to as "**the Respondents**"), claiming that the Respondents violated the confidentiality, non-competition and intellectual property provisions of the relevant agreements and appendices. It sought judgment against the Respondents for breach of contract and damages in the amount of USD19,813,700. It also sought an order enjoining the Respondents from manufacturing and recalling all infringing IBC cases and paying the profits obtained from the infringement. It claimed that the Respondents were jointly liable. As at the date when the financial statements were authorised for issue, the first instance of the above case had not yet been heard; the arbitral tribunal for the above arbitration had not yet been constituted and had not yet held a hearing. The Group has engaged external legal counsel for the above case. However, as the relevant legal proceedings are at an early stage, as at the date when the financial statements were authorised for issue, management believes that there is uncertainty as to the timing and outcome of their conclusion, and the Group is unable to reliably estimate the amount of the liabilities (if any) that may arise. Accordingly, the litigation constitutes a contingent liability matter for the Group. The Group has not accrued provisions for the litigation in the financial statements, and it is not possible at this stage to estimate the possible future impact on the Group's financial statements.

On 13 December 2023, Weihai Guangtai Airport Equipment Co., Ltd. ("**Weihai Guangtai**") issued a *Letter of Notification on Patent Infringement* to CIMC TianDa and its subsidiary Tianda Airport, and filed five patent infringement lawsuits against Tianda Airport as a defendant. Weihai Guangtai requested the Shenzhen Intermediate People's Court to judge Shenzhen Tianda Airport to stop manufacturing, selling and promising to sell the infringing products in question, and to compensate Weihai Guangtai for infringement damages totalling RMB150 million. On 16 January 2024, the Shenzhen Intermediate People's Court had filed the above five patent infringement lawsuits. The Group engaged an intellectual property attorney to conduct an assessment and issue 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 claimed to be infringed by Weihai Guangtai, and management assessed that the likelihood of the expected outflow of economic benefits from the relevant litigation was low. Meanwhile, as at the date when the financial statements were authorised for issue, the Group had not yet received any summons from the court and the litigation was still at an early stage of trial.

There are a number of pending litigations to which the Group is a defendant. Except for the litigation matters mentioned above, the related litigation is in the early stages of trial, the outcome of the trial is subject to a high degree of uncertainty and cannot be measured reliably, or the likelihood of the expected outflow of economic benefits from the relevant litigation is extremely low.

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## X. CONTINGENCIES (Continued)

## 3. Outstanding letter 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 for the subsidiaries of the Group of RMB1,021,897,000, USD1,073,078,000 (equivalent to RMB7,611,986,000), GBP 945,000 (equivalent to RMB8,539,000) and EUR43,241,000 (equivalent to RMB339,861,000) respectively, totalling 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 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).

## XI. COMMITMENTS

## 1. Capital commitments

- (1) Except for the events described in Note IV.16.(2)(iii), the Group's capital expenditures contracted for but not yet necessary to be recognised on the balance sheet are summarised as follows:

	2023	2022
Foreign investment contract	5,000	–
Fixed assets purchase and construction contract	69,375	131,846
	<b>74,375</b>	<b>131,846</b>



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## XII. DISCONTINUED OPERATIONS

On 15 March 2023, the Group lost control of C&C Trucks due to capital increase by other investors (Note V.2).

On 27 May 2022, the Group lost control of CIMC CAPITAL due to the capital increase by other investors.

The disposed subsidiaries mentioned above meet the condition of discontinued operation. The financial performance of discontinued operations and the disposal gains or losses are set out below:

	2023	2022
Revenue from discontinued operations	127,911	1,274,552
Less: Costs and expenses of discontinued operations	(166,335)	(476,592)
Total loss from discontinued operations	(39,056)	(107,005)
Less: Income tax expenses of discontinued operations	(7,254)	(23,499)
Operating profit or loss of discontinued operations	(31,802)	(83,506)
Gains or losses on disposals of discontinued operations	41,922	(184,383)
Less: Income tax expenses on gains or losses on disposals	-	-
Gains or losses after income tax expenses on disposals of discontinued operations	41,922	(184,383)
Net profit/(loss) from discontinued operations	10,120	(267,889)
Net profit/(loss) from discontinued operations attributable to shareholders of the Company	18,424	(211,530)
Net profit from continuing operations attributable to shareholders of the Company	402,825	3,430,756

The cash flows of the disposed subsidiaries mentioned above are as follows:

	2023	2022
Net cash flows from operating activities	(7,005)	(180,062)
Net cash flows from investing activities	(617)	(4,986)
Net cash flows from financing activities	13,719	890,780

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## XIII. EVENTS AFTER THE BALANCE SHEET DATE

## 1. Dividend distribution after the balance sheet date

Dividend proposed (Note (1))	118,093
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## (1) Dividend for ordinary shares proposed after the balance sheet date

On 27 March 2024, the Board of Directors proposed to distribute a cash dividend of RMB0.022 (including tax) per share to all the shareholders without bonus shares, and without new shares being issued by way of conversion of capital reserve. Based on the Company's total share capital of 5,392,521,000 shares as at 31 December 2023, after deducting the 24,646,000 shares that were repurchased between 15 January 2024, and 31 January 2024, the adjusted share capital was 5,367,875,000 shares. The calculation of the amount based on this adjusted share capital was approximately RMB118,093,000. This proposal is yet to be approved by the shareholders' meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognised as liabilities at the balance sheet date.

The equity distribution plan of the Company in 2022 was as follows: the Board of Directors proposed to distribute a cash dividend of RMB0.18 (including tax) per share, without bonus shares, and without new shares being issued by way of conversion of capital reserve. The amount of shares calculated as at 31 December 2022 was approximately RMB966,809,000.

## XIV. OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

As the lessor, the Group's undiscounted amount of lease receipts receivable after the balance sheet date is summarised as follows:

	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
	<b>5,085,298</b>	<b>3,207,524</b>

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### XV. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including: containers manufacturing, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering, airport, facilities, fire safety and automated logistics equipment, logistics services, finance and asset management and recycled load business. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

#### 1. Segment profits, losses, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review segment 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 tax assets and other unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provision and other liabilities of each segment, while deferred tax liabilities are excluded.

Segment operating results represents segment revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation, 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.

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## XV. SEGMENT REPORTING (Continued)

## 1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis:

Item	Containers	Road	Energy,	Offshore	Airport	Logistics	Finance	Recycled	Others	Elimination	Total
	manufacturing	transportation	chemical and	engineering	facilities	services	and asset	load		between	
	2023	2023	liquid food	2023	and logistics	2023	management	2023	2023	segments	
		vehicles	equipment	2023	equipment,	2023	2023	2023	2023	and	
		equipment	2023	and rescue	fire safety	2023	2023	2023	2023	unallocated	
		2023	2023	2023	business	2023	2023	2023	2023	amounts	
		2023	2023	2023	2023	2023	2023	2023	2023	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

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## XV. SEGMENT REPORTING (Continued)

### 1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis: (Continued)

Item	Containers	Road	Energy,	Offshore	Airport	Logistics	Finance	Recycled	Others	Elimination	Total
	manufacturing	transportation	chemical and	engineering	facilities	services	and asset	load		between	
	2022	2022	liquid food	2022	and rescue	2022	management	2022	2022	segments	2022
		vehicles	equipment		equipment					and	
					business					unallocated	
										amounts	
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
Asset and credit impairment losses	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

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## XV. SEGMENT REPORTING (Continued)

## 2. Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets, deferred tax assets and long-term receivables, same for the below). Revenue from external customers are based on the location at which the services are provided or the goods are delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information (according to the receiving party division)

	Total revenue from external customers		Total non-current assets	
	2023	2022	31 December 2023	31 December 2022
China	66,770,299	72,874,486	56,588,690	53,294,827
Asia (except for China)	15,671,885	12,522,922	424,113	431,476
America	23,816,206	27,364,037	10,188,403	9,197,571
Europe	17,953,577	25,939,682	1,756,877	1,841,103
Others	3,597,552	2,835,527	173,866	183,530
Total	127,809,519	141,536,654	69,131,949	64,948,507

## XVI. FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies put forward clear provisions for the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee closely cooperates with other departments of the Group to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Risk Management Committee of the Group.

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 1. Market risk

#### (1) Foreign exchange risk

The Group's major operational activities are carried out in the Chinese Mainland and a majority of the transactions are settled in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities denominated in foreign currencies (mainly USD and HKD), and future businesses settled in foreign currencies (mainly USD and HKD). The Group continuously monitors the amount of assets and liabilities denominated in foreign currencies, and volume of transactions settled in foreign currencies to minimise the foreign exchange risk. As at 31 December 2023, the Group's foreign currency borrowings amounted to USD2,287,207,000, equivalent to RMB16,224,530,000. Therefore, the Group considers entering into forward exchange contracts, with nominal amounts of USD3,339,555,000 to mitigate the foreign exchange risk (Note IV. 3).

As at 31 December, the Group's foreign exchange risk exposure with respect to assets or liabilities denominated in foreign currencies is presented below. The items listed below related to foreign exchange risk exposure mainly represent the assets or liabilities denominated in foreign currencies held by the subsidiaries of the Company whose recording currency is RMB. For presentation purposes, amounts of exposures are presented in RMB and translated at spot exchange rates at the balance sheet date.

	31 December 2023				31 December 2022			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash and cash equivalents	2,413,720	237,068	11,120	79,596	2,065,040	188,222	46,028	44,940
Receivables	5,098,426	210,041	52,638	31,227	6,794,076	129,251	61,116	58,577
Contract assets	32,916	21,608	35,956	-	8,059	4,570	7,636	-
Short-term borrowings	(485,266)	(143,735)	-	-	(629,434)	(74,410)	-	-
Lease liabilities	-	-	(816)	-	-	-	(428)	-
Long-term borrowings	(49)	-	(370)	-	(184,739)	-	(179,063)	-
Account payables	(1,447,411)	(89,412)	(8,423)	(38)	(1,255,466)	(52,851)	(16,133)	(80)
Current portion of non-current liabilities	(127,685)	-	(181,712)	-	(13,929)	-	(22,332)	-
Derivative financial assets	214,210	4,413	897	1,071	158,096	1,572	626	3
Derivative financial liabilities	(245,701)	(13,370)	(93)	-	(220,799)	(14,526)	(3,130)	(1,230)
	5,453,160	226,613	(90,803)	111,856	6,720,904	181,828	(105,680)	102,210

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

## 1. Market risk (Continued)

## (1) Foreign exchange risk (Continued)

As at 31 December 2023, for the financial assets, contract assets, financial liabilities and lease liabilities denominated in USD held by the subsidiaries whose recording currencies are RMB, if the RMB had strengthened/weakened by 4% against the USD with all other variables held constant, the Group's net profit for the year would be approximately RMB514,037,000 lower/higher.

As at 31 December 2023 and 31 December 2022, the financial assets, contract assets, financial liabilities and lease liabilities denominated in foreign currencies, which are mainly RMB items held by the subsidiaries of the Group, whose recording currencies are USD, were expressed in RMB as follows:

	31 December 2023 RMB	31 December 2022 RMB
Cash and cash equivalents	588,343	925,729
Receivables	1,021,231	908,764
Receivables – financing	–	871
Short-term borrowings	(2,925,894)	(900,777)
Payables	(1,465,334)	(460,917)
Current portion of non-current liabilities	(16,071)	–
Derivative financial assets	80,764	363
Derivative financial liabilities	(10,985)	–
	<b>(2,727,946)</b>	<b>474,033</b>

As at 31 December 2023, for financial assets, contract assets, financial liabilities and lease liabilities denominated in RMB held by the subsidiaries whose recording currencies are USD, if the USD had strengthened/weakened by 4% against the RMB with all other variables held constant, the Group's net profit for the year would be approximately USD11,906,000, equivalent to RMB83,932,000 higher/lower (31 December 2022: approximately USD8,256,000 higher/lower, equivalent to RMB55,447,000).



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### XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### 1. Market risk (Continued)

##### (2) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. The Group continuously monitors its interest rate position. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate derivative agreements to mitigate its exposure to interest rate risk. As at 31 December 2023, the Group's long-term interest bearing borrowings were mainly USD-denominated with floating rates linked to SOFR, amounting to USD1,885,580,000 (31 December 2022: USD284,500,000). As at 31 December 2023, the Group had completed the replacement of benchmark interest rate; and had no USD-denominated contracts with floating rates linked to LIBOR (31 December 2022: USD2,331,571,000).

As at 31 December 2023, if the interest rates on floating rate borrowings linked to SOFR had risen/fallen by 50 basis points while all other variables held constant, the Group's net profit would be approximately USD7,294,000 lower/higher.

##### (3) Other price risks

The Group's other price risk arises mainly from various investments in equity instruments. As at 31 December 2023, the Group's financial assets held for trading amounted to RMB337,756,000, mainly representing investments in monetary funds and equities; the Group's other equity investments amounted to RMB2,168,803,000, mainly representing 64,972,927 listed tradable shares of Jade Bird Fire, 209,586,211 listed tradable shares of Shoucheng Holdings, 40,000,000 listed tradable shares of China Railway Special Cargo and 10,335,757 listed tradable shares of CSG Holding.

As at 31 December 2023, if the expected price of investments in equity instruments had risen/fallen by 5% (2022: 5%) with all other variables held constant, the Group's net profit would be approximately RMB12,666,000 (31 December 2022: RMB39,786,000) higher/lower.

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 2. Credit risks

The Group's credit risk mainly arises from cash and cash equivalents, notes receivables, account receivables, receivables financing, other receivables, contract assets, debt investments, other debt investments, and financial guarantee contracts, etc., and investments in debt instrument and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. Except for the financial guarantees provided by the Group as stated in Note X, the Group has not provided any other guarantees that may expose the Group to credit risk. The maximum credit risk exposures in relation to the above financial guarantee obligations as at the balance sheet date are disclosed in Note X.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other large or medium size listed banks with good reputation and high credit rating. The Group does not expect that there will be almost no significant losses from non-performance by these banks.

The Group has policies to limit the credit exposure on notes receivables, account receivables, contract assets, receivables financing and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

### 3. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs; continuously monitors whether the covenant terms in borrowing agreements are complied; and maintains sufficient headroom on the Group's committed undrawn banking facilities from major financial institutions so as to meet the short-term and long-term liquidity requirements.

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 3. Liquidity risk (Continued)

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	31 December 2023					Carrying amount at balance sheet
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
Short-term borrowings	12,921,697	-	-	-	12,921,697	12,400,861
Derivative financial liabilities	1,696,118	-	-	-	1,696,118	1,696,118
Notes payables	4,681,963	-	-	-	4,681,963	4,681,963
Account payables	20,181,009	-	-	-	20,181,009	20,181,009
Debentures payable	13,000	505,417	1,582,142	-	2,100,559	1,960,454
Other payables	3,511,033	-	-	-	3,511,033	3,511,033
Current portion of non-current liabilities	10,123,536	-	-	-	10,123,536	9,675,619
Other current liabilities	2,426,929	-	-	-	2,426,929	2,415,381
Long-term borrowings	651,831	5,732,739	8,229,747	472,192	15,086,509	13,523,455
Lease liabilities	-	213,058	338,184	452,598	1,003,840	820,638
Long-term payables	-	188,987	-	-	188,987	188,987
Other non-current liabilities	-	54,954	-	-	54,954	54,954
	56,207,116	6,695,155	10,150,073	924,790	73,977,134	71,110,472

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

## 3. Liquidity risk (Continued)

	31 December 2022					Carrying amount at balance sheet
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
Short-term borrowings	4,585,470	–	–	–	4,585,470	4,370,714
Derivative financial liabilities	1,318,327	–	–	–	1,318,327	1,318,327
Notes payables	3,129,916	–	–	–	3,129,916	3,129,916
Account payables	16,562,146	–	–	–	16,562,146	16,562,146
Debentures payable	5,410	5,410	2,227,379	–	2,238,199	1,896,227
Other payables	4,001,438	–	–	–	4,001,438	4,001,438
Current portion of non-current liabilities	4,894,520	–	–	–	4,894,520	4,191,030
Other current liabilities	245,326	–	–	–	245,326	245,326
Long-term borrowings	781,511	10,187,685	6,411,826	463,494	17,844,516	16,213,919
Lease liabilities	–	176,854	388,754	265,825	831,433	732,885
Long-term payables	–	85,648	–	–	85,648	85,634
Other non-current liabilities	–	29,720	–	–	29,720	29,720
	35,524,064	10,485,317	9,027,959	729,319	55,766,659	52,777,282

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## XVI. FINANCIAL INSTRUMENTS AND RISKS (Continued)

### 3. Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties were analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

31 December 2023				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
1,650,634	462,458	82,888	62,014	2,257,995

31 December 2022				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
955,422	1,314,004	1,264,893	34,051	3,568,370

- (ii) As at the balance sheet date, there were no cash flows of lease contracts that the Group had signed but not yet executed.
- (iii) Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2023		31 December 2022	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	22,076,480	2,002,618	8,322,791	–
1 to 2 years	5,434,477	507,583	9,826,965	–
2 to 5 years	7,630,882	1,452,871	5,937,297	1,896,227
Over 5 years	458,096	–	449,657	–
	<b>35,599,935</b>	<b>3,963,072</b>	24,536,710	1,896,227

## XVII. FAIR VALUE ESTIMATES

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2023:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instruments held for trading		320,052	–	–	320,052
Contingent consideration		–	–	17,704	17,704
Derivative financial assets –	IV.3				
Forward foreign exchange contracts		–	267,183	–	267,183
Foreign exchange option contracts		–	16,916	–	16,916
Exchange rate/ interest rate swap contracts		–	17,256	–	17,256
Receivables financing –	IV.6				
Bank acceptance notes		–	–	1,062,258	1,062,258
Other equity investments –	IV.14				
Unlisted company stock		–	–	744,266	744,266
Listed company stock		1,424,537	–	–	1,424,537
Other non-current financial assets –	IV.15				
Forward foreign exchange contracts		–	22,086	–	22,086
Equity investments		–	–	432,238	432,238
<b>Total financial assets</b>		<b>1,744,589</b>	<b>323,441</b>	<b>2,256,466</b>	<b>4,324,496</b>
<b>Non-financial assets</b>					
Investment properties	IV.17	–	–	1,369,993	1,369,993
<b>Total</b>		<b>1,744,589</b>	<b>323,441</b>	<b>3,626,459</b>	<b>5,694,489</b>
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Financial liabilities held for trading		–	–	(76,020)	(76,020)
Derivative financial liabilities –	IV.3				
Forward foreign exchange contracts		–	(260,696)	–	(260,696)
Foreign exchange option contracts		–	(6,827)	–	(6,827)
Exchange rate/interest rate swap contracts		–	(2,626)	–	(2,626)
Commitment to non- controlling interests		–	–	(1,425,969)	(1,425,969)
Other non-current liabilities	IV.43				
Interest rate swap contracts		–	(5,159)	–	(5,159)
<b>Total financial liabilities</b>		<b>–</b>	<b>(275,308)</b>	<b>(1,501,989)</b>	<b>(1,777,297)</b>

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## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets that are measured at fair value in the above three levels as at 31 December 2022:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instruments held for trading		891,820	153,909	–	1,045,729
Contingent consideration		–	–	15,224	15,224
Derivative financial assets –	IV.3				
Forward foreign exchange contracts		–	101,205	–	101,205
Foreign exchange option contracts		–	59,455	–	59,455
Receivables financing –	IV.6				
Bank acceptance notes		–	–	628,967	628,967
Other equity investments –	IV.14				
Unlisted company stock		–	–	701,437	701,437
Listed company stock		1,997,611	–	–	1,997,611
Other non-current financial assets –	IV.15				
Forward foreign exchange contracts		–	117	–	117
Equity investments		–	–	125,943	125,943
<b>Total financial assets</b>		<b>2,889,431</b>	<b>314,686</b>	<b>1,471,571</b>	<b>4,675,688</b>
<b>Non-financial assets</b>					
Investment properties	IV.17	–	–	1,453,007	1,453,007
<b>Total</b>		<b>2,889,431</b>	<b>314,686</b>	<b>2,924,578</b>	<b>6,128,695</b>
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Financial liabilities held for trading		–	–	(35,685)	(35,685)
Derivative financial liabilities –	IV.3				
Forward foreign exchange contracts		–	(239,685)	–	(239,685)
Commitment to non-controlling interests		–	–	(1,078,642)	(1,078,642)
Other non-current liabilities –	IV.43				
Interest rate swap contracts		–	(10,930)	–	(10,930)
<b>Total financial liabilities</b>		<b>–</b>	<b>(250,615)</b>	<b>(1,114,327)</b>	<b>(1,364,942)</b>

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## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is neither transfer between Level 1 and Level 2 nor transfer between Level 2 and Level 3 for current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and liquidity discount, etc.

The Group evaluates the fair value of investment properties. The methods primarily comprise rental income model and cost approach. The inputs mainly include rental growth rate, capitalisation rate, unit price, etc.

The following table presents the movement of the financial assets in Level 3:

	Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets
1 January 2023	1,471,571
Additions	433,291
Total gains or losses for current period	
– Gains or losses recognised in profit or loss	308,775
– Gains or losses recognised in other comprehensive income	42,829
31 December 2023	2,256,466
	Financial assets held for trading, receivables financing, other equity investments and other non-current financial assets
1 January 2022	2,042,038
Additions	53,467
Decreases	(894,335)
– Gains or losses recognised in profit or loss	–
– Gains or losses recognised in other comprehensive income	270,401
31 December 2022	1,471,571



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## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2023	1,453,007
Transferred from construction in progress and fixed assets	2,929
Additions for current period	2,559
Total gains for current period	(16,536)
– Gains or losses recognised in profit or loss	(16,536)
Disposals for current year	(36,336)
Transfer to intangible assets and fixed assets	(35,698)
Translation difference of foreign currency statements	68
31 December 2023	1,369,993

	Investment properties
1 January 2022	1,386,085
Transferred from inventories and fixed assets	68,481
Total gains for current period	4,426
– Gains or losses recognised in profit or loss	(6,391)
– Gains or losses recognised in other comprehensive income	10,817
Transfer to intangible assets	(7,882)
Translation difference of foreign currency statements	1,897
31 December 2022	1,453,007

The following table presents the movement of the financial liabilities in Level 3:

	Commitment to non-controlling interests	Financial liabilities held for trading
31 December 2022	(1,078,642)	(35,685)
Increase in current year	–	(48,040)
Gains or losses on changes in fair value	(347,327)	6,902
Decrease in current year	–	2,395
Translation difference of foreign currency statements	–	(1,592)
31 December 2023	(1,425,969)	(76,020)

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## XVII. FAIR VALUE ESTIMATES (Continued)

## 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

Gains or losses recognised in profit or loss are included in the income statement under the items of gains on changes in fair value, investment income and credit impairment losses respectively.

The Group's finance department is responsible for the valuation of financial assets, the independent verification and accounting of the valuation results, and the preparation of disclosure information related to fair value based on the verified valuation results.

The following table presents the information of the assets and liabilities measured at fair value in Level 2:

	Fair value as at 31 December 2023	Valuation techniques	Inputs
Derivative financial assets	301,355	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current financial assets	22,086	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Derivative financial liabilities	(270,149)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current liabilities	(5,159)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
	<b>48,133</b>		
	Fair value as at 31 December 2022	Valuation techniques	Inputs
Financial assets held for trading	153,909	Discounted cash flow	Expected interest rate; Contract interest rate; Risk-free interest rate; Discount rate reflecting the credit risk of the issuer
Derivative financial assets	160,660	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current financial assets	117	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Derivative financial liabilities	(239,685)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
Other non-current liabilities	(10,930)	Discounted cash flow	Expected interest rate; Expected foreign exchange forward rate; Contract interest rate; Risk-free interest rate
	<b>64,071</b>		

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## XVII. FAIR VALUE ESTIMATES (Continued)

### 1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 3:

	Fair value as at 31 December 2023	Valuation techniques	Name	Significant unobservable inputs		
				Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties – Completed investment properties held for sale	1,173,551	Income model	Monthly rental (RMB/square meter/month)	3 – 72	(a)	Unobservable
Land use rights	196,442	Direct comparison	Rate of return/ capitalisation rate Market price (RMB/square meter)	150 – 828.4	(a)	Unobservable

	Fair value as at 31 December 2022	Valuation techniques	Name	Significant unobservable inputs		
				Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties Completed investment properties held for sale	1,219,548	Income model	Monthly rental (RMB/square meter/month)	7.08 – 80.83	(a)	Unobservable
Land use rights	233,459	Direct comparison	Rate of return/capitalisation rate Market price (RMB/square meter)	444.06 – 927.68	(a)	Unobservable

(a) The relationship of unobservable inputs to fair value are as follows:

- The higher of the rate of return/capitalisation rate, the lower of fair value;
- The higher of the monthly rental, the higher of the fair value;
- The higher of the market price, the higher of the fair value.

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## XVII. FAIR VALUE ESTIMATES (Continued)

## 2. Assets and liabilities not measured at fair value but for which their fair values are disclosed

Financial assets and liabilities in the Group measured at amortised cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payable and long-term payables.

As at 31 December 2023, the carrying amount of the financial assets and liabilities was not materially different from their fair value.

## XVIII. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is shareholders' equity shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and use Debt-Asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

The Group manages capital status by controlling the Debt-Asset ratio not to exceed 70%. The Debt-Asset ratio as at 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023	31 December 2022
Total liabilities	97,132,883	83,243,865
Total assets	161,763,233	145,899,949
Debt-Asset ratio	60%	57%

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

### 1. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank deposits	2,689,578	522,622
Other cash balances	140,080	39,990
	<b>2,829,658</b>	<b>562,612</b>
Including: Total cash abroad	–	–

As at 31 December 2023, restricted cash and cash equivalents of the Company amounted to RMB7,965,000 (31 December 2022: RMB11,903,000).

As at 31 December 2023, the deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB2,665,796,000 (31 December 2022: RMB427,049,000). The Company had no fixed deposits in the Financial Company (31 December 2022: Nil).

### 2. Derivative financial instruments

	31 December 2023	31 December 2022
Derivative financial assets –		
Forward foreign exchange contracts	1,042	–
Foreign exchange option contracts	–	483
	<b>1,042</b>	<b>483</b>
Derivative financial liabilities –		
Forward foreign exchange contracts	–	518
Foreign exchange option contracts	5,276	–
	<b>5,276</b>	<b>518</b>

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 3. Other receivables

(1) Other receivables were analysed by categories of customers as follows:

	31 December 2023	31 December 2022
Receivables from related parties (Note XIX.3(6))	24,770,452	22,504,459
Dividends receivable from subsidiaries	3,944,715	3,889,145
Interest receivable	70,295	69,762
Security deposits	236	116
Others	49,209	7,712
Sub-total	28,834,907	26,471,194
Less: Provision for bad debts	(4,580)	(1,356,666)
	28,830,327	25,114,528

The Company had no amounts recognised in other receivables due to centralised management by other parties.

(2) The ageing analysis of other receivables is as follows:

	31 December 2023	31 December 2022
Within 1 year	17,958,826	16,643,476
1 to 2 years	5,774,696	4,841,061
2 to 3 years	389,235	360,495
Over 3 years	4,712,150	4,626,162
	28,834,907	26,471,194

(3) Loss provision and changes in book balance

Provision for bad debts of other receivables is analysed by category as follows:

	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 individually assessed (i)	-	-	-	-	1,352,086	5.11%	1,352,086	100%
Provision for bad debts collectively assessed (ii)	28,834,907	100%	4,580	0.02%	25,119,108	94.89%	4,580	0.02%
	28,834,907	100%	4,580	0.02%	26,471,194	100%	1,356,666	5.13%

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 3. Other receivables (Continued)

#### (3) Loss provision and changes in book balance (Continued)

	First stage			Third stage				
	12-month ECL (collectively assessed)		Sub-total	Lifetime ECL (suffered credit impairment) (individually assessed)		Lifetime ECL (suffered credit impairment) (collectively assessed)		Total
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	Book balance	Provision for bad debts	
31 December 2022	25,114,528	-	-	1,352,086	1,352,086	4,580	4,580	1,356,666
Increase in current year	18,038,448	-	-	-	-	-	-	-
Decrease in current year	(14,322,649)	-	-	(1,352,086)	(1,352,086)	-	-	(1,352,086)
Including: Write-off in current year	-	-	-	(1,352,086)	(1,352,086)	-	-	(1,352,086)
<b>31 December 2023</b>	<b>28,830,327</b>	-	-	-	-	<b>4,580</b>	<b>4,580</b>	<b>4,580</b>

As at 31 December 2023 and 31 December 2022, the Company had no other receivables that were recognised at the second stage. Other receivables recognised at the first and the third stages were as follows:

- (i) As at 31 December 2023 and 31 December 2022, the provision for bad debts of other receivables collectively assessed in the first stage was as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
Receivables from related parties	24,770,452	-	-	21,152,373	-	-
Dividends receivable	3,944,715	-	-	3,889,145	-	-
Interest receivable	70,295	-	-	69,762	-	-
Security deposits	236	-	-	116	-	-
Others	44,629	-	-	3,132	-	-
	<b>28,830,327</b>			<b>25,114,528</b>		

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 3. Other receivables (Continued)

## (3) Loss provision and changes in book balance (Continued)

- (ii) As at 31 December 2023, the provision for bad debts of other receivables collectively assessed in the third stage was as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts
Collectively assessed			
Others	4,580	100%	4,580

- (4) In current year, the Group wrote off the full amount of the impairment provision of RMB1,352,086,000 for C&C Trucks (In 2022: Nil).

- (5) As at 31 December 2023, the five largest balances of other receivables were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
CIMC Hong Kong	Fund transfer, daily transfer	11,948,638	Within 1 year, 1 to 2 years	41.44%	-
SCIMC	Fund transfer	5,431,986	Within 1 year	18.84%	-
Fortune	Fund transfer, daily transfer	2,278,079	Within 1 year, over 3 years	7.90%	-
CIMC Investment	Fund transfer, daily transfer	1,504,334	Within 1 year, 1 to 3 years, over 3 years	5.22%	-
CIMC Raffles	Fund transfer	1,004,116	Within 1 year, 1 to 2 years	3.48%	-
		22,167,153		76.88%	-



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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 3. Other receivables (Continued)

(5) As at 31 December 2022, the five largest balances of other receivables were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
CIMC Hong Kong	Fund transfer, daily transfer	12,492,774	Within 1 year, 1 to 2 years	47.18%	-
SCIMC	Fund transfer	2,551,986	Within 1 year, 1 to 3 years	9.64%	-
Fortune	Fund transfer, daily transfer	2,118,240	Within 1 year, 1 to 2 years	8.00%	-
CIMC Investment	Fund transfer, daily transfer	1,217,334	Within 1 year, 1 to 3 years	4.60%	-
CIMC Haigong Investment	Fund transfer	542,769	Within 1 year	3.41%	-
		18,923,103		72.83%	-

(6) Receivables from related parties

	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Associates	75,795	0.26%	78,616	0.30%
Receivables from subsidiaries	24,694,657	85.64%	22,425,843	84.72%
	24,770,452	85.90%	22,504,459	85.02%

(7) Other receivables derecognised due to transfer of financial assets

For the year ended 31 December 2023, there were no other receivables derecognised due to transfer of financial assets of the Company (For the year ended 31 December 2022: Nil).

(8) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

As at 31 December 2023, there were no securitised other receivables (31 December 2022: Nil).

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## 4. Other equity investments

	31 December 2023	31 December 2022
Unlisted company stock		
– BOCM Schroder	321,414	332,776
– CR Intermodal	378,272	318,945
– CIMC Intelligent Technology	44,580	49,716
	<b>744,266</b>	701,437
Listed company stock		
– Jade Bird Fire (Note IV.14(1)(i))	899,225	1,398,917
– CSG Holding	57,570	69,353
	<b>956,795</b>	1,468,270
	<b>1,701,061</b>	2,169,707

## 5. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2023	31 December 2022
Subsidiaries (2)	14,415,956	12,188,957
Associates (3)	2,222,441	1,381,248
Less: Provision for impairment of long-term equity investments	–	–
	<b>16,638,397</b>	13,570,205

There is no restriction on sale of the long-term equity investments held by the Company.

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 5. Long-term equity investments (Continued)

#### (2) Subsidiaries

Investee	31 December 2022	Increase in investments	Decrease in investments	Classified as held for sale	31 December 2023	Shareholding (%)	Voting rights (%)	Impairment provision at the end of the year	Cash dividends declared in current year
						(Direct)	(Direct+ Indirect)		
SCIMC	480,472	-	-	-	480,472	100.00%	100.00%	-	-
CIMC Hong Kong	1,690	-	-	-	1,690	100.00%	100.00%	-	-
CIMC SD	165,074	-	-	-	165,074	100.00%	100.00%	-	-
CIMC Vehicles	1,038,668	-	-	-	1,038,668	36.10%	55.78%	-	218,533
CIMC Training	48,102	-	-	-	48,102	100.00%	100.00%	-	-
Finance Company	893,818	-	-	-	893,818	78.91%	100.00%	-	38,423
Shenzhen CIMC Investment Co., Ltd. ("CIMC Investment")	140,000	-	-	-	140,000	100.00%	100.00%	-	-
Container Holding	5,043,682	-	-	-	5,043,682	100.00%	100.00%	-	2,379,212
COOPERATIE CIMC U.A	205,022	-	-	-	205,022	99.00%	100.00%	-	-
CIMC Wetrans Logistics	1,216,294	-	-	-	1,216,294	62.70%	62.70%	-	-
MEA	441,800	-	-	-	441,800	100.00%	100.00%	-	-
Fortune	67,755	-	-	-	67,755	100.00%	100.00%	-	-
Guangdong Jiliu Investment Consulting Co., Ltd.	30,000	-	-	-	30,000	100.00%	100.00%	-	-
CIMC Technology	1,576,580	-	-	-	1,576,580	100.00%	100.00%	-	-
CIMC Capital	340,000	910,000	-	-	1,250,000	100.00%	100.00%	-	-
CIMC Unit Load	500,000	-	-	-	500,000	63.58%	63.58%	-	56,163
CIMCSV	-	1,316,999	-	-	1,316,999	100.00%	100.00%	-	-
	12,188,957	2,226,999	-	-	14,415,956			-	2,692,331

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 5. Long-term equity investments (Continued)

## (3) Associates

Investee	31 December 2022	Increase in current year	Net profit or	Adjustment	Declared cash dividends or profits	Decrease in investments	31 December 2023	Shareholding (%) (Direct)	Voting rights (%) (Direct+Indirect)	Impairment provision
			loss adjusted by equity method	of other comprehensive income						
CIMC CAPITAL Ltd.	980,059	-	86,692	13,045	(20,378)	-	1,059,418	21.32%	45.43%	-
CIMC Xinde Leasing (Shenzhen) Co., Ltd.	401,189	-	9,498	1,973	-	-	412,660	40.00%	67.26%	-
C&C Trucks Co., Ltd.	-	850,000	(99,637)	-	-	-	750,363	-	35.42%	-
	1,381,248	850,000	(3,447)	15,018	(20,378)	-	2,222,441			-

## 6. Fixed assets

	31 December 2023	31 December 2022
Fixed assets	103,201	112,244
Disposals of fixed assets	847	1,291
	104,048	113,535

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### 6. Fixed assets (Continued)

#### (1) Fixed assets

	Buildings Self-used	Motor vehicles Self-used	Office and other equipment Self-used	Total
<b>Original cost</b>				
31 December 2022	144,092	30,895	135,346	310,333
Transferred from construction in progress	–	–	1,696	1,696
Additions	–	–	2,633	2,633
Disposals	–	(1,659)	(8,874)	(10,533)
31 December 2023	<b>144,092</b>	<b>29,236</b>	<b>130,801</b>	<b>304,129</b>
<b>Accumulated depreciation</b>				
31 December 2022	70,572	20,799	106,718	198,089
Depreciation	4,294	2,310	5,691	12,295
Disposals	–	(1,493)	(7,963)	(9,456)
31 December 2023	<b>74,866</b>	<b>21,616</b>	<b>104,446</b>	<b>200,928</b>
<b>Net book value</b>				
31 December 2023	<b>69,226</b>	<b>7,620</b>	<b>26,355</b>	<b>103,201</b>
31 December 2022	73,520	10,096	28,628	112,244

The amount of depreciation accrued for fixed assets in 2023 was included in the general and administrative expenses, amounting to RMB12,295,000 (2022: RMB14,730,000).

The original cost transferred from construction in progress was RMB1,696,000 (2022: RMB2,647,000).

#### (2) Disposals of fixed assets

	31 December 2023	31 December 2022
Office and other equipment	<b>847</b>	1,291

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 7. Intangible assets

	Land use rights	Software use rights	Others	Total
<b>Original cost</b>				
31 December 2022	18,178	201,659	2,596	222,433
Additions for current period	1,392,000	15,661	–	1,407,661
31 December 2023	<b>1,410,178</b>	<b>217,320</b>	<b>2,596</b>	<b>1,630,094</b>
<b>Accumulated depreciation</b>				
31 December 2022	5,263	43,389	2,596	51,248
Depreciation recognised in current year	27,325	20,933	–	48,258
31 December 2023	<b>32,588</b>	<b>64,322</b>	<b>2,596</b>	<b>99,506</b>
<b>Net book value</b>				
31 December 2023	<b>1,377,590</b>	<b>152,998</b>	–	<b>1,530,588</b>
31 December 2022	12,915	158,270	–	171,185

In 2023, amortisation expenses of intangible assets amounted to RMB48,258,000 (2022: RMB16,164,000).

In 2023, the Qianhai land was purchased and its carrying value as at 31 December 2023 was RMB1,364,933,000, with a remaining amortisation period of 30 years (original cost: RMB1,392,000,000).

As at 31 December 2023, there was no intangible assets transferred from development expenditures within the Company (31 December 2022: Nil).

## 8. Other current liabilities

	31 December 2023	31 December 2022
Super short-term financing bonds (IV.38)	2,002,618	–
VAT to be recognised	1,120	–
	<b>2,003,738</b>	–

## 9. Short-term borrowings

	31 December 2023	31 December 2022
Unsecured	2,201,801	–

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### 10. Taxes payable

	31 December 2023	31 December 2022
Corporate income tax payable	1,867	1,867
Individual income tax payable	7,853	1,455
VAT payable	67	1,156
Others	124	743
	<b>9,911</b>	<b>5,221</b>

### 11. Other payables

(1) The analysis of the Company's other payables is as follows:

	31 December 2023	31 December 2022
Payables to subsidiaries	8,312,858	8,371,742
Payables to related parties	96,396	94,332
Accrued expenses	7,267	2,600
Warranties	608	150
Others	21,939	25,957
	<b>8,439,068</b>	<b>8,494,781</b>

(2) Other payables aged over 1 year

Other payables aged over 1 year are mainly fund transfers with member enterprises of the Group, etc.

(3) Payables to related parties:

Company name	31 December 2023	31 December 2022
Payables to subsidiaries	8,312,858	8,371,742
Payables to related parties	96,396	94,332

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 12. Current portion of non-current liabilities

Item		31 December 2023	31 December 2022
Current portion of long-term borrowings	XIX.13	1,442,074	1,677,186

## 13. Long-term borrowings

	31 December 2023	31 December 2022
Unsecured	9,404,942	4,410,186
Less: Current portion of long-term borrowings		
Unsecured	(1,442,074)	(1,677,186)
	7,962,868	2,733,000

As at 31 December 2023, there were no overdue long-term borrowings of which the durations are extended (31 December 2022: Nil).

As at 31 December 2023, the interest rate of long-term borrowings ranged from 1.20% to 3.40% (31 December 2022: 1.20% to 4.30%).

## 14. Debentures payable

	31 December 2022	Current year issuance	Interest at par value	Repayment of principal in current year	Interest paid in current year	31 December 2023
Medium term notes	507,583	-	13,000	-	(13,000)	507,583

Information for the Company's debentures payable is disclosed in Note IV.40.



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### 15. Deferred tax assets

- (1) The offsetting balances of deferred tax assets or liabilities and corresponding deductible or taxable temporary differences

	31 December 2023		31 December 2022	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
<b>Deferred tax assets:</b>				
Deductible losses	157,090	39,272	376,028	94,006
Derivative financial liabilities	5,276	1,319	–	–
Sub-total	162,366	40,591	376,028	94,006
Offsetting amount	(162,366)	(40,591)	(376,028)	(94,006)
<b>Offsetting balances</b>	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–

	31 December 2023		31 December 2022	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
<b>Deferred tax liabilities:</b>				
Derivative financial assets	1,042	261	483	121
Changes in fair value of investment properties	125,653	31,412	125,653	31,412
Changes in fair value of other equity investments	35,671	8,918	249,892	62,473
Sub-total	162,366	40,591	376,028	94,006
Offsetting amount	(162,366)	(40,591)	(376,028)	(94,006)
<b>Offsetting balances</b>	–	–	–	–
Including:				
Expected to be recovered within one year (inclusive)		–		–

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 16. Capital reserve

	31 December 2022	Increase in current year	Decrease in current year	31 December 2023
Share premium	1,482,130	–	–	1,482,130
Other capital reserve:		–	–	–
– Exchange differences arising from translation of foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Share-based payments included in shareholders' equity	119,433	–	–	119,433
Others	(586,888)	–	–	(586,888)
	1,015,449	–	–	1,015,449
	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
Share premium	3,279,637	–	(1,797,507)	1,482,130
Other capital reserve:				
– Exchange differences arising from translation of foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Share-based payments included in shareholders' equity	119,433	–	–	119,433
Others	(586,888)	–	–	(586,888)
	2,812,956	–	(1,797,507)	1,015,449

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 17. Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2023 income statement			
	31 December 2022	Post-tax amount	31 December 2023	Pre-tax amount incurred	Less: Transfer out in the current year	Less: Income tax expenses	Post-tax amount
Items that will not be reclassified to profit or loss							
Changes in fair value of other equity investments	439,222	(415,090)	24,132	(468,646)	-	53,556	(415,090)
Items that may be reclassified subsequently to profit or loss							
The share of other comprehensive income that will be reclassified into profit or loss under equity method	35,755	15,018	50,773	15,018	-	-	15,018
Retrospective adjustment to a partial disposal of an interest in a subsidiary in which the parent company loses control but retains an interest as an associate under equity method	32,655	-	32,655	-	-	-	-
The amount greater than the carrying amount on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	87,614	-	87,614	-	-	-	-
Others	43,754	-	43,754	-	-	-	-
	639,000	(400,072)	238,928	(453,628)	-	53,556	(400,072)

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## 17. Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet			Other comprehensive income in the 2022 income statement			
	31 December 2021	Post-tax amount	31 December 2022	Pre-tax amount incurred	Less: Transfer out in the current year	Less: Income tax expenses	Post-tax amount
Items that will not be reclassified to profit or loss							
Changes in fair value of other equity investments	251,803	187,419	439,222	249,892	-	(62,473)	187,419
Items that may be reclassified subsequently to profit or loss							
The share of other comprehensive income that will be reclassified into profit or loss under equity method	-	35,755	35,755	35,755	-	-	35,755
Retrospective adjustment to a partial disposal of an interest in a subsidiary in which the parent company loses control but retains an interest as an associate under equity method	-	32,655	32,655	-	-	-	-
The amount greater than the carrying amount on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	87,614	-	87,614	-	-	-	-
Others	43,754	-	43,754	-	-	-	-
	383,171	255,829	639,000	285,647	-	(62,473)	223,174

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### 18. Retained earnings

	2023	2022
Retained earnings at the beginning of the year	14,657,717	10,282,677
Add: Net profit for current year	2,241,157	7,126,574
Add: Retrospective adjustment to a partial disposal of an interest in a subsidiary in which the parent company loses control but retains an interest as an associate under equity method	–	497,187
Less: Equity attributable to holders of other equity instruments in current year	(64,200)	(55,435)
Less: Appropriation to statutory surplus reserve	(186,096)	(712,658)
Ordinary share dividends payable	(966,809)	(2,480,628)
Retained earnings at the end of the year	15,681,769	14,657,717

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), totalling RMB966,809,000 (2022: RMB2,480,628,000).

### 19. Revenue and cost of sales

#### (1) Revenue and cost of sales

	2023	2022
Revenue from other operations	172,650	275,951
Cost of sales from other operations	–	–

#### (2) Revenue and cost of sales from other operations

	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	137,908	–	242,896	–
Others	34,742	–	33,055	–
	172,650	–	275,951	–

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## 20. Financial expenses/(income)

	2023	2022
Interest expenses of borrowings	525,812	537,425
Less: Interest income	(30,986)	(86,114)
Foreign exchange gains and losses	(115,549)	(581,515)
Others	4,701	3,819
	<b>383,978</b>	<b>(126,385)</b>

## 21. Expenses by nature

	2023	2022
Salary or wages	203,245	294,991
Operating and office expenditure	43,180	44,851
Agency fees	33,687	43,182
Software and system maintenance fee	44,642	37,243
Depreciation and amortisation expenses	62,608	31,259
Advertising and stock certificate fee	16,802	25,300
Travel and communication costs	9,454	10,212
Technical research and development expenditure	2,938	5,043
Other expenses	3,765	3,877
	<b>420,321</b>	<b>495,958</b>

## 22. Investment income

	2023	2022
Income from long-term equity investments under cost method	2,692,331	6,507,610
Gains from disposals of long-term equity investments	–	773,023
Interest income and others	590,528	564,968
(Losses)/income from long-term equity investments under equity method	(3,447)	73,217
Dividend income from other equity investments	78,644	50,000
Investment (loss)/income from disposals of derivative financial assets	(225,166)	15,643
Investment income from disposals of financial assets/liabilities held for trading	9,119	18,635
	<b>3,142,009</b>	<b>8,003,096</b>

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### 23. Income tax expenses

	2023	2022
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	<b>53,556</b>	(62,473)
	<b>53,556</b>	(62,473)

The income tax based on the applicable profit rate is adjusted to income tax expenses based on the total profit of the income statement:

	2023	2022
Profit before income tax	<b>2,294,713</b>	7,064,101
Income tax expenses calculated at applicable tax rates	<b>573,678</b>	1,766,025
Expenses not deductible for tax purposes	<b>1,643</b>	4,450
The tax effect of current year's losses of unrecognised deferred tax assets	<b>166,369</b>	–
Utilisation of previously unrecognised deductible losses	–	(175,242)
Income not subject to tax	<b>(688,134)</b>	(1,657,706)
Income tax expenses	<b>53,556</b>	(62,473)

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## XIX. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

## 24. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

(a) Reconciliation from net profit to cash flows from operating activities:

	2023	2022
Net profit	2,241,157	7,126,574
Add: Asset impairment losses and credit impairment losses	207,616	769,568
Depreciation of fixed assets	12,295	14,730
Amortisation of intangible assets	48,258	16,164
Amortisation of long-term prepaid expenses	2,055	365
Amortisation of deferred income	(1,865)	(2,954)
Losses on disposals of fixed assets	1,396	46
Losses on changes in fair value	4,199	59,306
Financial income	(95,702)	(119,912)
Investment income	(3,142,009)	(8,003,096)
Decrease in deferred tax assets	53,556	(62,473)
Decrease in operating receivables	495,560	501,011
Decrease in operating payables	(39,514)	(342,354)
Net cash flows used in operating activities	(212,998)	(43,025)

(b) Net change of cash and cash equivalents:

	2023	2022
Cash and cash equivalents at the end of the year	2,821,693	550,709
Less: Cash and cash equivalents at the beginning of the year	(550,709)	(3,072,197)
Net increase/(decrease) in cash and cash equivalents	2,270,984	(2,521,488)

(2) Composition of cash and cash equivalents

	31 December 2023	31 December 2022
I. Cash		
Including: Bank deposits that can be readily drawn on demand	2,688,977	518,082
Other cash balances that can be readily drawn on demand	132,716	32,627
II. Balance of cash and cash equivalents that are readily convertible to cash at the end of the year	2,821,693	550,709

Note: The aforesaid cash and cash equivalents excluded restricted cash and cash equivalents.



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English Translation for Reference Only

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

## I. STATEMENT OF NON-RECURRING PROFIT OR LOSS OF 2023

	2023	2022
(Losses)/gains on disposals of non-current assets	(21,451)	221,022
Government grants recognised in profit or loss for current period	580,916	559,249
Gain or losses from changes in fair value arising from holding financial assets, and gains or losses arising from disposal of financial assets and gain 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)
Reversal of provision for impairment of receivables subject to impairment test separately	34,487	32,947
Net income/(losses) from disposals of long-term equity investments	89,449	(208,926)
Other non-recurring gains/(losses) items	37,252	(563,512)
Effect of income tax	168,219	306,290
Effect of non-controlling interests (after tax)	198,561	276,684
<b>Total</b>	<b>(244,053)</b>	<b>(1,064,405)</b>

Note: The above non-recurring profit or loss items are presented at the amount before tax.

### (1) Basis for preparation of statement of non-recurring profit or loss of 2023

In 2023, the China Security Regulatory Commission issued the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit or Loss [2023]* (the "**Explanatory Announcement No. 1 [2023]**"), which has come into effect since the date of issuance. The Group prepared the statement of non-recurring profit or loss of 2023 in accordance with the provisions in the Explanatory Announcement No. 1 [2023].

Under the Explanatory Announcement No. 1 [2023], non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

The requirements in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit or Loss [2023]* issued by the China Security Regulatory Commission in 2023 has no significant impact on the non-recurring profit or loss of 2022 and 2023 recognised.

## CHAPTER X

## FINANCIAL STATEMENTS AND AUDIT REPORT PREPARED IN ACCORDANCE WITH CASBE

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

## I. STATEMENT OF NON-RECURRING PROFIT OR LOSS OF 2023 (Continued)

## (2) Impact of the Explanatory Announcement No. 1 [2023] on the non-recurring profit or loss of 2022

In accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit or Loss [2008]* (the “**Explanatory Announcement No. 1 [2008]**”), the Group had no government grants that were presented as non-recurring profit or loss in 2022 but should be presented as recurring profit or loss in accordance with the Explanatory Announcement No. 1 [2023].

## (3) Basis for preparation of statement of non-recurring profit or loss of 2022

The Group prepared the statement of non-recurring profit or loss of 2022 in accordance with the provisions in the Explanatory Announcement No. 1 [2008].

## II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the Interpretive Pronouncement on the *Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets* (2010 revised) and relevant requirements of accounting standard, the calculation of return on net assets and earnings per share of the Company is listed as follows:

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	1%	7%	0.07	0.59	0.05	0.57
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	1%	9%	0.11	0.79	0.10	0.77

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