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

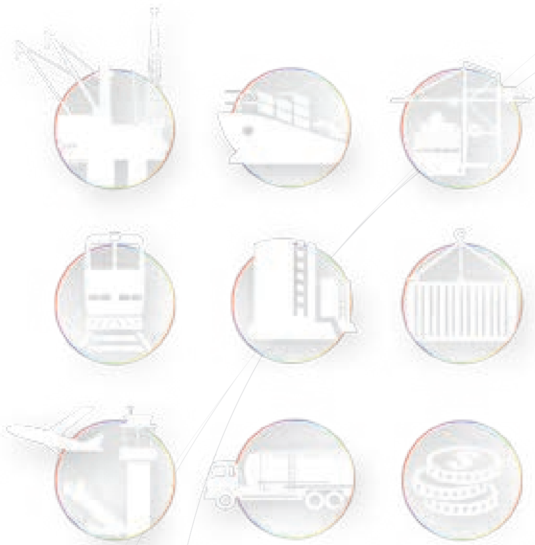
(a joint stock company incorporated in the People's Republic of China with limited liability)

Annual Report 2013

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

China International Marine Containers (Group) Co., Ltd.
Annual Report 2013

Growing Together
with you and
Let's Join Hands for a
Brighter Future



This annual 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 names, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond the Group's control. 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 information contained in the forward-looking statements.

Contents

Important Notice

The Board of Directors (the “Board”), the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this annual report (the “Report”) is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility.

The 2013 annual report has been reviewed and approved at the sixth meeting of the 7th session of the Board in 2014. All Directors have attended the Board meeting to review and approve this Report.

The proposed profit distribution plan of the Company as considered and approved by the Board is based on the total share capital of the Company as at 31 December 2013, a cash dividend of RMB2.70 (tax inclusive) per 10 shares will be distributed to all shareholders, no bonus shares will be issued, and no share will be converted from reserves into share capital (the “Annual Dividend-Distribution Plan”). The Annual Dividend-Distribution Plan shall be submitted to the Company’s annual general meeting for consideration and approval.

This annual 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 that may occur in the future and are beyond our control. 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 information contained in the forward-looking statements.

Mr. Li Jianhong, person-in-charge of the Company and Chairman of the Board, Mr. Mai Boliang, president of the Company, and Mr. Jin Jianlong, general manager of the financial department of the Company, person-in-charge of accounting affairs and head of accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.

No appropriation of funds for non-operating purposes by the Company’s substantial shareholders has occurred.

The financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with the Accounting Standards for Business Enterprises (“CAS”). The financial statements of the Group for 2013 prepared in accordance with CAS have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

This report contains forward-looking statements in relation to subjects such as future plans, which do not constitute any specific undertakings to investors by the Company. Investors should beware of investment risks.

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

Definitions

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

Items	Definitions
A share(s) (RMB-denominated ordinary share(s))	ordinary share(s) issued by the Company in the PRC with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi;
Board or Board of Directors	the board of directors of the Company;
The Company	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 under the laws of the PRC with limited liability, the H shares of which are listed on the main board of the Hong Kong Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange;
CAS	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and application guidance and interpretations to Accounting Standards for Business Enterprises and other related regulations subsequently issued;
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 on 28 September 2004 and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) on 20 July 2006 and a subsidiary of the Company;
CIMC Hong Kong	China International Marine Containers (Hong Kong) Limited（中國國際海運集裝箱（香港）有限公司）, a company incorporated in Hong Kong on 30 July 1992 with limited liability and a wholly-owned subsidiary of the Company;
CIMC Raffles	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore on 7 March 1994 with limited liability and a wholly-owned subsidiary of the Company;

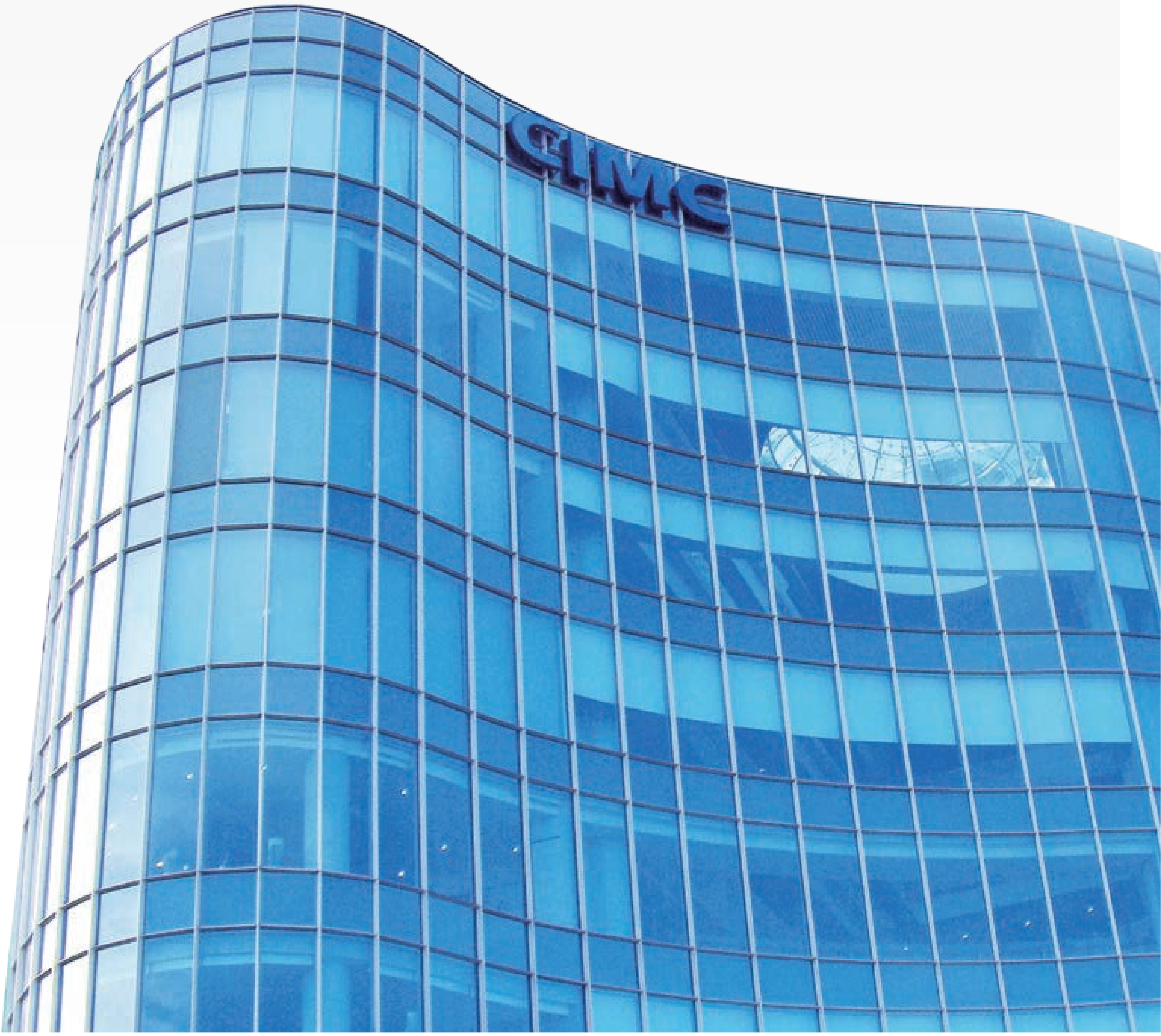
Definitions

Items	Definitions
CIMC Tianda	Shenzhen CIMC-Tianda Airport Support Co., Ltd.（深圳中集天達空港設備有限公司）, a company incorporated in the PRC on 18 July 1992 and a subsidiary of the Company;
CIMC Vehicle	CIMC Vehicle (Group) Co., Ltd.（中集車輛（集團）有限公司）, a company incorporated in the PRC on 29 August 1996 and a subsidiary of the Company;
Corporate Governance Code	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules;
CSRC	China Securities Regulatory Commission（中國證券監督管理委員會）;
Director(s)	the director(s) of the Company;
The Group, we, our and us	the Company and its subsidiaries;
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;
H share(s) (overseas-listed foreign share(s))	overseas-listed foreign share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
Hong Kong	The Hong Kong Special Administrative Region of the PRC;
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited;
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules;
ONE Model	Optimization Never Ending, the lean management system of CIMC;
PRC or China	the People's Republic of China;
QHSE	A management system that guides and controls an organization in respect of Quality, Health, Safety and Environment;
The Reporting Period	The twelve months started from 1 January 2013 and ended on 31 December 2013.
RMB	Renminbi, the lawful currency of the PRC;

Items	Definitions
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 semi-submersible platform is generally used in deep seas with water depths ranging from 600-3600m. The platform typically uses a dynamic positioning system for positioning;
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;
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
Shareholder(s)	the shareholder(s) of the Company;
Shenzhen Listing Rules	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange;
Shenzhen Stock Exchange	the Shenzhen Stock Exchange;
Supervisor(s)	the member(s) of the Supervisory Committee of the Company;
Supervisory Committee	the Supervisory Committee of the Company;
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet), being used to measure the volume of a container; and
US$, or U.S. dollars	United States dollars, the lawful currency of the United States of America.

Chapter 1
Corporate Profile

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.



BASIC CORPORATE PROFILE

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law as a joint venture 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). After being restructured as a joint stock limited company in December 1992, and publicly offered 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.

We are a world leading equipment and solution provider in the logistics and energy industries and are principally engaged in the manufacture of containers, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, gas equipment and static tanks, road transportation vehicles, jack-up drilling platforms, semisubmersible drilling platforms, special vessels and passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services. In addition, the Group is also engaged in logistics equipment manufacturing and service, real estate development, finance and other businesses. Through business expansion and technology upgrading, we have formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

1. Company Information

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

2. Contact Persons and Means of Communication

Secretary to the Board, Company Secretary:	Yu Yuqun
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
Contact Telephone:	(86)755-2669 1130
Facsimile:	(86)755-2682 6579
Email Address:	shareholder@cimc.com
Representative of Securities Affairs:	Wang Xinjiu
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
Contact Telephone:	(86)755-2680 2706
Facsimile:	(86)755-2681 3950
Email Address:	shareholder@cimc.com
Assistant Company Secretary:	Cheong Sui Fai
Contact Address:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Contact Telephone:	(852)2528 9386
Facsimile:	(852)2865 9877
Email Address:	dickens.cheong@enric.com.hk

3. Changes in Registration

Enterprise Legal Business License Registration Number:	440301501119369
Taxation Registration Number:	440300618869509
Organisation Code:	61886950-9
First Registration Date of the Company:	14 January 1980
First Registration Place of the Company:	Shenzhen Administration of Industry and Commerce
Registration at the End of the Reporting Period:	Same as the above
Change of the Controlling Shareholder:	No controlling shareholder

4. Information Disclosure and Locations for Documents for Inspection

Designated Newspapers for Information Disclosure:	A Shares: "China Securities Journal", "Securities Times", and "Shanghai Securities News"
Authorized websites on which this Report is made available:	A Shares: http://www.cninfo.com.cn H Shares: http://www.hkexnews.hk
Legal Website:	www.cimc.com
Places at which this Report is Available:	Office of the Secretary to the Board, Financial Management Department, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC

5. Stock 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:	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 Shares 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.

6. Other Relevant Information

Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited
Address:	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Compliance Adviser Appointed by the Company:	Guotai Junan Capital Limited
Address:	27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Person-in-charge of the Compliance Adviser:	Anthony Wong
Period under the Supervision of Compliance Adviser:	From 19 December 2012 to the date on which the annual report for the financial year ended on 31 December 2013 was disclosed
Hong Kong Lawyers Appointed by the Company:	Paul Hastings
Address:	21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyers Appointed by the Company:	Commerce & Finance Law Offices
Address:	6/F, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, China
Auditors Appointed by the Company:	PricewaterhouseCoopers Zhong Tian LLP
Address:	11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
Name of the Certified Public Accountants as the signatories:	Zhou Weiran, Cao Cuili

Chapter 2
Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP FOR THE LAST THREE YEARS

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

	2013	2012	Increase/ decrease (%)	2011
Revenue (RMB'000)	**57,874,411**	54,334,057	6.52%	64,125,053
Net profit attributable to equity holders of the Company (RMB'000)	**2,180,321**	1,939,081	12.44%	3,690,926
Net profit attributable to equity holders of the Company after deducting non-recurring profit/loss (RMB'000)	**1,343,090**	1,706,490	(21.30%)	3,579,162
Net cash flows from operating activities (RMB'000)	**2,749,926**	2,242,919	22.60%	2,254,437
Basic earnings per share (RMB/share)	**0.82**	0.73	12.33%	1.39
Diluted earnings per share (RMB/share)	**0.81**	0.73	10.96%	1.37
Weighted average return on net assets of profits attributable to the ordinary shareholders of the Company (%)	**11.00%**	10.00%	10.00%	21.00%

	31 December 2013	31 December 2012	Increase/ decrease (%)	31 December 2011
Total assets (RMB'000)	**72,605,972**	62,992,380	15.26%	64,361,714
Net assets attributable to equity holders of the Company (RMB'000)	**20,674,037**	19,513,176	5.95%	18,633,154

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

Unit: RMB'000

Item	Amount for 2013	Amount for 2012	Amount for 2011
Loss on disposal of non-current assets	(23,297)	37,135	13,000
Government grants recognised in profit/loss for the period	155,423	133,270	267,349
Gains from the excess of the fair value of attributable identifiable net assets of the investee upon acquisition over the cost of acquisition	35,017	54,750	–
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date to recognise investment losses	(4,792)	–	–
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the Group's ordinary activities	751,148	41,358	(152,179)
Reversal accounts receivable provided for bad debts on an individual basis	7,110	9,383	–
Fund appropriation fee received from non-financial institutions recognised in the profit/loss for the period	4,793	11,445	8,665
Net gain from disposal of subsidiaries	915	–	–
Other non-operating income and expenses other than the above items	24,742	42,786	20,350
Less: Effect of income tax	(83,152)	(73,276)	(32,450)
Effect of minority interests (after tax)	(30,676)	(24,260)	(12,971)
Total	837,231	232,591	111,764

Notes for the Company's non-recurring profit or loss items as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-Recurring Profits or Losses and the non-recurring profit or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-Recurring Profits or Losses defined as its recurring profit or loss items

☐ Applicable ✓ Not Applicable

Chapter 2
Summary of Accounting Data and Financial Indicators

III. KEY FINANCIAL DATA AND FINANCIAL INDICATORS OF THE GROUP FOR THE LAST FIVE YEARS

Unit: RMB'000

Income Statement Items	2013	For the year ended December 31, 2012	2011	2010	2009
Revenue	57,874,411	54,334,057	64,125,053	51,768,316	20,475,507
Operating profit	3,370,835	2,639,441	4,735,293	3,438,168	1,320,470
Profit before income tax expense	3,562,720	2,907,380	5,022,706	3,674,607	1,465,385
Income tax expense	928,222	976,950	1,363,768	823,748	384,674
Profit for the year	2,634,498	1,930,430	3,658,938	2,850,859	1,080,711
Attributable to:					
Equity holders of the Company	2,180,321	1,939,081	3,690,926	3,001,851	958,967
Non-controlling interest	454,177	(8,651)	(31,988)	(150,992)	121,744

Unit: RMB'000

Asset and liability Items	2013	As at December 31, 2012	2011	2010	2009
Total current assets	41,169,668	38,346,189	40,727,025	33,791,508	20,535,330
Total non-current assets	31,436,304	24,646,191	23,634,689	20,339,141	16,823,053
Total assets	72,605,972	62,992,380	64,361,714	54,130,649	37,358,383
Total current liabilities	32,576,349	25,540,032	31,236,333	29,971,335	15,042,710
Total non-current liabilities	15,533,495	15,335,191	11,511,709	4,952,614	6,489,042
Total liabilities	48,109,844	40,875,223	42,748,042	34,923,949	21,531,752
Equity					
Attributable to:					
Equity holders of the Company	20,674,037	19,513,176	18,633,154	16,223,057	14,198,208
Non-controlling interest	3,822,091	2,603,981	2,980,518	2,983,643	1,628,423
Total equity	24,496,128	22,117,157	21,613,672	19,206,700	15,826,631

Unit: RMB'000

Cash Flow Items	2013	For the year ended December 31, 2012	2011	2010	2009
Net cash flows from operating activities	2,749,926	2,242,919	2,254,437	1,482,901	969,685
Net cash flows from investing activities	(6,504,459)	(1,559,348)	(3,576,060)	(2,730,302)	2,795
Net cash flows from financing activities	3,632,937	(2,889,667)	4,507,951	477,409	520,840

Key Financial Indicators	2013	2012	2011	2010	2009
Basic earnings per share for profit attributable to equity holders of the Company (RMB)	**0.82**	0.73	1.39	1.13	0.36
Diluted earnings per share for profit attributable to equity holders of the Company (RMB)	**0.81**	0.73	1.37	1.13	0.36
Net cash flows from operating activities per share (RMB)	**1.03**	0.84	0.85	0.56	0.36
Net assets per share attributable to equity holders of the Company (RMB)	**7.77**	7.33	7.00	6.09	5.33
Weighted average return on net assets (%)	**11.00%**	10.00%	21.00%	20.00%	7.00%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	**7.00%**	9.00%	20.00%	18.00%	(2.00%)

IV. ITEMS AT FAIR VALUE

Unit: RMB'000

	Balance at beginning of year	Profit and loss arising from fair value changes in the year	Cumulative changes in fair value recognised in equity	Impairment provisions accrued this year	Balance at end of year
Financial assets					
1. Financial assets at fair value through profit or loss in the reporting period (excluding financial derivatives)	**389,557**	2,919	–	–	319,605
2. Financial derivatives	**12,684**	120,530	–	–	133,068
3. Hedging instruments	**2,851**	–	10,974	–	7,940
4. Financial assets available for sales	**609,751**	–	2,920	–	7,342
Total financial assets	**1,014,843**	123,449	13,894	–	467,955
Financial liabilities	**(95,098)**	66,434	–	–	(28,463)

Chapter 3
Chairman's Statement

Dear Shareholders,

I am pleased to submit to you the annual report of the Company for the year ended 31 December 2013 for your review. I would also like to express my sincere gratitude for your care and support on behalf of the Board of Directors.

In 2013, the global economy continued to grow slowly. China's economy improved moderately and turned into a transition period. Against that background, businesses of the Group were affected to different extents, and the Company's annual revenue and earnings rose slightly as compared with the corresponding period of the previous year. In response to the challenges and pressures from economic restructuring and fluctuation, the Group took prompt action and managed to overcome numerous difficulties. By committing itself to business transformation and strategic upgrading, exploration and formulation of business development strategies, innovation in product technologies and business models, corporate governance and operation compliance, and asset safety and risk control, the Group also witnessed sound development in its business and management and actively fulfilled its social responsibilities. The major achievements the Group has made are as follows:

OPERATING RESULTS

In 2013, the Company's revenue reached RMB57.874 billion, representing an increase of 6.52% from RMB54.334 billion for 2012, and the net profits attributable to shareholders of the parent company amounted to RMB2.180 billion, representing an increase of 12.44% from RMB1.939 billion for 2012. The basic earnings per share amounted to RMB0.82, as compared with RMB0.73 in 2012.

The businesses of energy, chemical and liquid food and container contributed the majority of our revenues and profits; the vehicle business achieved marked growth and contributed a higher percentage of our revenues and profits; and the offshore engineering business saw substantial reduction of losses.

BUSINESS DEVELOPMENT

In 2013, the Group further optimized its diversified business structure to keep the proportion of the container business below 50% and achieved significant breakthroughs in the cross-border M&A, business expansion or operational enhancement of emerging businesses, especially the logistics equipment and services, the airport ground support equipment and the offshore engineering equipment.

In the face of numerous adverse external factors in 2013, including weak market demand and increasing pressure from the rising costs of environmental protection and labor, the Group continued to uphold the principle of producing "safe, green, smart and lightweight" products, made reform and innovation in its traditional container manufacturing processes, promoted new-type industrialization, and implemented the philosophies of safety, energy conservation and environmental protection, and people-orientation in its efforts to realize automatic and standardized manufacturing, improve efficiency and reduce costs; successfully developed the second generation of the energy-saving and environmentally-friendly lightweight container, realizing the upgrading of container products; and replaced traditional foaming technologies with cyclopentane foaming technologies in manufacturing reefer containers, leading to a reduction in green gas emission and contributing to the protection of the ozone layer and the ecological environment. Benefiting from economic recovery, especially the fast-growing natural gas supply and consumption, the Group posted a marked increase in the operating revenues and earnings from the energy and the chemical and liquid food equipment businesses. In 2013, the Group continued its product-focused strategy in the offshore engineering business, made expected progress in the delivery of projects and the undergoing construction works, saw multiplication of its earnings, and completed the annual operation target on loss reduction.

We have always been and will always be an ambitious, responsible and purposeful enterprise. Our mission is to "become a world leading enterprise in the industries in which we are operating that provides high-quality and reliable equipment and services for the logistics and energy industries, brings in high returns to shareholders and employees and creates sustainable value for the society". Committed to becoming a leader in the logistics and energy equipment industry, the Company adopts a "manufacturing + service" model in business development. We will take due responsibility to shareholders, employees and the whole society, make ourselves one of the best listed companies in both Shenzhen and Hong Kong, and ensure compliance in operation management and corporate governance. These are the basic principles we should follow in pursuing development. Only by upholding these principles can we create a sound platform for the continuous and steady earnings growth of CIMC. To accomplish the above missions, the Company will continue to upgrade its strategies, unswervingly press ahead with the management mechanism with the "5S system" as the core and implement the established strategic control model in 2013.

CORPORATE GOVERNANCE

In 2013, the Company constantly improved its corporate governance system, standardized its operation and optimized its internal control system in accordance with the relevant requirements under the PRC Companies Law, the PRC Securities Law, Corporate Governance Guidelines for Listed Companies, relevant laws and regulations from the CSRC and the requirements of CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Stock Exchange of Hong Kong Limited for the corporate governance of listed companies. The Company completed the corporate special inspections, institutional improvement and other matters required by the regulatory authorities on a timely basis. The Company has received a public recognition for its active promotion of the standardized development of listed companies from CSRC Shenzhen Bureau in the 5th successive year.

CORPORATE SOCIAL RESPONSIBILITY

According to its CSR (corporate social responsibility) vision and strategies, the Group took continuous, proper and effective measures and action in 2013 to assume more social responsibilities and make itself an ecological enterprise able to coordinate and balance the development of all stakeholders. The Group made new achievements and progress in various aspects including scientific development, new-type industrialization, fair operation, environmental protection and energy conservation, safe production, rights and interests of clients and consumers, win-win cooperation, employee relations and participation in community development. The Group won social respect due to its scientific development concept featuring safety, environmental protection and greenness and its efforts in CSR was widely recognised by clients, governments, international organizations, media and other parties concerned.

DIVIDEND DISTRIBUTION

Based on the Group's 2013 operations results and taking into account of the Group's overall financial position and cash flows situation, the Board of Directors recommended a final dividend of RMB0.27 per share (including applicable taxes) for the year of 2013. The final dividend of 2013 is subject to shareholders' approval at the annual general meeting for the year of 2013.

PROSPECTS

Looking forward to 2014, the Group will be presented with both opportunities and challenges. As the impact of the financial crisis fades, the mild rebound in the world economy will sustain and the economy in Europe, America and other countries will continue to recover. In 2014, which will be the first year for China to comprehensively deepen its reform, a number of reform measures will be introduced; the growth model centering on traditional and labor-intensive manufacturing will be challenged; and the economic transition will gain momentum in China. By then, the growth rate of China's economy will slow down as China shifts its focus from the speed to the quality of economic growth. We expect the next two to three years to be the window of opportunity for China to deepen its reform. So in the coming years, China will likely accelerate the reform of its financial system and interest rate market, continue to adopt a slightly-tightened monetary policy and a prudent fiscal policy, and tighten money supply and financing.

We forecast in 2014, the global shipping sector will see signs of bottoming out and the container trade will grow faster. We are confident that the global container demand will resume growth in the years ahead due to the recovering economy in Europe and America, the stable demand from the road transportation vehicle market, and the tremendous development opportunities in China and other emerging economies. Low-carbon energy consumption will become an inevitable trend in China in the years to come, because it has a bearing not only on China's state energy strategy and quality economic growth, but also on people's well-being. Given that the goals set out in the "Twelfth Five-Year Plan" for clean and new energy development will be accomplished gradually and that the measures for energy saving and emission reduction will be implemented by the Government, China's demand for natural gas will continue to grow and the relevant storage and equipment market and engineering services market will enjoy positive outlook; the chemical equipment market may log a negative growth following the turnaround in 2013; upon completion of deployment across the whole industry chain, the liquid food equipment will see new growth opportunities in China, Southeast Asia, South America and other emerging countries. The global offshore engineering equipment enjoys visible growth potential in the medium and long term thanks to the rebounding trend in demand, especially the active demand for replacing and upgrading semi-submersible drilling platforms in batches. As a state strategic emerging industry, China's offshore engineering will benefit greatly from the state supportive policies and the worldwide industrial transfer. Despite these tremendous development opportunities, China's offshore engineering is still facing daunting challenges and feeling the pressure of the intensifying industry competition.

In 2014, the Group will further promote transformation and upgrading and dedicate itself to continuous improvement; advocate constant innovations in and control risks associated with technologies, business models and management mechanisms; and capitalize on the historic opportunity and set challenging growth and development targets to move closer to its goal of becoming a world leading enterprise.

The Group's rapid growth in the past was mainly attributed to the reform and opening-up polices, the opportunities arising from the move of the global manufacturing center to China, and various internal and external environmental factors such as the corporate governance system and corporate culture. China's reform will enter a new stage in 2014 and the goal of the reform will be to realize Chinese dreams. Therefore, the Company will continue to uphold the cultural philosophies of "interwovenness and side-by-side development of the nation's strength and the people's well-being" and "people-oriented and mutual business". The core philosophies, mechanisms and culture that had driven the growth of the Company in the past may lose their advantages when the new round of reform begins, so we need to create new advantageous mechanisms and culture, and carry out systematic reforms and make new breakthroughs in product and technology innovation, especially in business model innovation, so as to enhance our competitiveness, optimize our business structure and establish a "cumulative continuously-improving mechanism" that will serve as a solid foundation for the sound and continuous development of the Group.

We will attach greater importance to the healthy development of the Company. We must commit ourselves to sustainable and sound development, and ensure the compliance in operation management, the security of assets, and the accuracy and completeness of financial reports and other related information in all subsidiaries. We should also place more emphasis on the quality of our development when seeking expansion.

We will continue to deepen the transformation and upgrading of our business structure. Both the world economy and China's economy will remain in transition in the coming two to three years. This will pose great challenges to the Group's ability to seize opportunities, especially business opportunities, innovate its business models, utilize its external resources, integrate is internal resources, manage significant investments and control risks.

We will give more priority to business and technology innovations and improve relevant mechanisms.

We will continue to deepen the reform of the incentive mechanism to ensure fairness and impartiality, which will help motivate the managers and employees and activate the Company.

We will uphold continuous improvement and promote the establishment of the ONE system to develop a corporate culture advocating 1% daily improvement and set an example for China's manufacturing industry on the relentless pursuit of continuous of improvement.

We will strengthen our talents cultivation and development system and regard talents as our most valuable resources, so as to ensure we have enough talented people to secure our future development.

Li Jianhong
Chairman
Shenzhen, the PRC
25 March 2014

CIMC HAS FORMED AN INDUSTRY CLUSTER FOCUSING ON KEY EQUIPMENT AND SOLUTIONS FOR THE LOGISTICS AND ENERGY INDUSTRIES

Energy, Chemical and Liquid Food Equipment
Revenue:
RMB11.580 billion

Container Manufacturing
Revenue:
RMB21.307 billion

Road Transportation Vehicle
Revenue:
RMB13.335 billion

Logistics Services and Equipment

Revenue:

RMB6.216 billion

Offshore Engineering

Revenue:

RMB6.982 billion

Airport Facilities

Revenue:

RMB888 million

Real Estate Development

Revenue:

RMB1.326 billion

Fiancial

Revenue:

RMB877 million

Chapter 4
Directors' Report

I. OVERVIEW

In 2013, the global economy continued to grow slowly. China's economy improved moderately and turned into a transition period. Against that background, businesses of the Group were affected to different extents, and the Group's annual revenue and earnings rose slightly compared with the corresponding period of the previous year. During the Reporting Period, the Group's revenue reached RMB57.874 billion (RMB54.334 billion in 2012), representing an increase of 6.52% as compared with the corresponding period of the previous year; and the net profits attributable to shareholders of the parent company amounted to RMB2.180 billion (RMB1.939 billion in 2012), representing an increase of 12.44% as compared with the corresponding period of the previous year; and the basic EPS was RMB0.82 (RMB0.73 in 2012), growing by 12.33% as compared with the corresponding period of the previous year.

MARKET REVIEW

Macro economy, industrial conditions and their impact

In 2013, global economy was still in the adjustment and reform. The U.S. economy recovered significantly, European economy began to rebound, while the emerging economies grew slowly.

Although both the global economy and shipping industry were gradually rising from the periodic bottom, container trade maintained a slow growth, shipping companies were not profitable generally, with both demand for new containers and replacement rate of older containers were at low levels. The demand for containers was weak. Furthermore, no obvious seasonal demand was shown for containers, and raw material prices went down, which led to the fall of container prices, but the RMB exchange rate kept rising. On the other hand, China's labor legislation and environmental regulations were increasingly strict, which was the main factor for the increase in production cost. Manufacturers in the industry tried to improve production efficiency through relocation, renovation, and introduction of automated production equipment, and 2013 was a difficult year for container industry. In 2013, the domestic container output was approximately 2.7 million TEUs, a slight decrease compared with 2012. The outputs of standard dry containers, reefer containers and special containers were approximately 2.33 million TEUs, 110,000 units and 110,000 units respectively.

Energy, chemical and liquid food equipment industries, especially natural gas equipment industry, were less affected by economic downturn. China's natural gas price hike was expected to have short-term impact on the demand for some equipment and products but did not affect the overall demand in 2013. Rapid capacity expansion of major products of the industry and numerous new comers escalated the competition.

In 2013, the overall demand of overseas market for road vehicles remained stable. The markets in North America have showed a strong recovery for two years, the European economy bounced from the bottom, and the demand for semi-trailer was largely the same as 2012; the business in emerging markets maintained the rapid growth trend of last year.

Benefiting from the increasing investment in offshore oil exploration and development investment and driven by equipment upgrading, offshore engineering industry remained upbeat. As the shipbuilding industry was facing predicaments of the serious shortfall in new shipbuilding orders and the constant decline in transaction price of new vessels, the leading shipyards have put their efforts on offshore engineering; as a result, the competition of offshore engineering became increasingly fierce in China.

National industrial policies, regulatory change and its impact

In 2013, under the updated guidance catalog of national industry, the entry threshold of container industry was lowered gradually and competition in the industry was intensified. In recent years, China has been increasingly concerned about environmental protection and gradually included the related indicators into assessment indicators of local government. In particular, China issued the Air Pollution Prevention Scheme (《大氣污染防治行動計劃》) and local governments released implementation details. These movements not only exerted great external pressure to China's traditional manufacturing industry, but also have brought new opportunities for transformation and upgrading of traditional industries. It is expected that the major environmental technologies or eco-friendly materials, such as waterborne paint, solvent recovery, eco-friendly flooring, cyclopentane foamer (replacement for Freon), will accelerate their application and generalization in container industry.

Since 1 July 2013, China enforced new emission standard on heavy trucks, which upgraded the National Stage III emission standard to the National Stage IV emission standard. This event became the main factor to accelerate the upgrading of special vehicles, thus the sales of semi-trailer in China grew more than 30% over the previous year.

With regard to clean energy, the statistics show that in 2012, natural gas accounted for 24.4% of primary energy consumption in the world, close to oil and coal which accounted for 33.8% and 30.5% respectively. Natural gas, together with oil and coal, have become the world's three major energy. Over the past decade, the natural gas production of China had an average annual increase of 13% and an average annual growth rate of 16% in natural gas consumption. But currently the proportion of natural gas to one-off energy consumption is still less than 5%, far below the world's average of 24.4%. The National Energy Administration issued the Shale Gas Industry Policy (《葉岩氣產業政策》), which included shale gas development into national strategic emerging industries, in order to increase financial support for shale gas exploration and development. In recent years, with the rapid development of natural gas industry in the world, it is predicted that by 2020 natural gas will replace coal as the world's second largest energy source. China's natural gas and its applicable industries will continue the rapid development so as to replace coal, thus will be able to better address air pollution, smog and other problems.

In 2013, the nation's offshore engineering industry policy gradually deepened and refined, entering the substantial stage with funding and project support. It also promoted industrialization and accelerated the mergers and acquisitions of leading enterprises in offshore engineering and shipbuilding industries. In February 2013, National Development and Reform Commission (NDRC) issued the Notice on Organization and Implementation of Equipment R&D and Industrialization of Offshore Engineering (2013)" (《關於組織實施2013年海洋工程裝備研發及產業化專項的通知》), which specifically included 12 offshore engineering equipments of three categories into national-special-support products. The three categories are main offshore engineering equipments and ancillary equipments and systems, new offshore engineering equipments, and underwater key equipments. In October 2013, the State Council issued the Guidance on Resolving Severe Overcapacity (《關於化解產能嚴重過剩矛盾的指導意見》), which clearly stated that China would improve the industry's entry criterion, support mergers and acquisitions, increase industrial concentration, encourage existing shipbuilding capacity transfer to the field of offshore engineering equipment, and raise the proportion of high-end production capacity. Under the guidance of national policy, the competitiveness of our existing offshore operations will be further strengthened.

II. REVIEW OF THE GROUP'S PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and food equipment, offshore engineering equipment and airport equipment, as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, jack-up drilling platforms, semi-submersible drilling platforms, special vessels and airport equipment. In addition, the Group is also engaged in logistics services and equipment business, real estate development, financial services and other businesses. Currently, the Group is ranked No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers. The Group is also China's largest manufacturer of road transportation vehicles and one of China's major high-end offshore engineering equipment enterprises.

During the Reporting Period, products contributing more than 10% of the Group's revenue or operating profit are container, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering and logistics services and equipment.

1. Container Manufacturing Business

During the Reporting Period, the sales and production volume achieved by the Group were the highest among our peers in the industry. We have the capacity to produce a full series of container products with propriety property rights. The Group's container business mainly deals with standard dry containers, reefer containers and special containers. Special containers mainly included 53-foot inland North America containers, Europe wide containers, bulk containers, special reefer containers, foldable containers and modular construction products.

In 2013, the decrease in demand for containers was primarily due to slow global economic recovery and the decline in the growth of global container business. During the Reporting Period, the total sales of the Group's ordinary dry containers were 1,088,300 TEUs, representing an increase of 0.68% as compared with the same period of last year. The total sales of reefer containers were 119,600 TEUs, representing a decrease of 3.00% as compared with the same period last year. The total sales of special containers were 63,900 units, representing a decrease of 12.59% as compared with the same period last year. The revenue from our container business was RMB21.307 billion, representing a decrease of 14.22% as compared with last year, and its net profit was RMB1.019 billion, representing a decrease of 43.60% as compared with last year. Among which, the ordinary dry containers recorded a sales revenue of RMB13,252 million, representing a decrease of 14.29% as compared with the same period of previous year; the reefer containers recorded a sales revenue of RMB3,932 million, representing a decrease of 10.03% as compared with the same period of previous year; the special containers recorded a sales revenue of RMB4,414 million, representing a decrease of 26.00% as compared with the same period of previous year. In addition, the price for containers also decreased approximately 10% during the year, which was mostly contributed to our revenue's decrease. The decrease in our gross profit margin was primarily due to low capacity utilization, declining economies of scale, decreasing price of container, RMB appreciation and other factors caused by unobvious seasonal demand for containers.

In response to the adverse operating environment in 2013, the Group continued its commitment to the comprehensive upgrading of its container business, stepped up efforts in innovation, and improved its management.

In 2013, adhering to the philosophy of "Safe, Green, Smart Application and Light Weight", the Company reformed traditional production process and enhanced the automation level to reduce labor intensity and improve production efficiency. It actively promoted research, development and layout on the cold chain industry, and it has the ability to produce 13 categories of reefer containers with 200 different varieties, in addition it had established the world's only integral production line for special reefer containers. In January 2013, the Group launched the second-generation eco-friendly containers in cooperation with Baosteel, the weight of each container reduces 14%, and the Company had received orders of total 12,000 TEU, this showed an important breakthrough of the Group in terms of container product upgrading. In 2012, China started the accelerated phase-out plan for hydrochlorofluorocarbons (HCFC) in full swing to ensure the implementation of provisions of the Montreal Protocol (《蒙特利爾議定書》), making substantial effort to protect the ozone layer. In April 2013, the Group signed a contract with China's Ministry of Environmental, with intention to accelerate the phase-out process of HCFC refrigerants, replacing it with new eco-friendly refrigerants cyclopentane in freezer manufacturing industry. Also, it secured the support of approximately over US$18.5 million from the Multilateral Fund. The Company has been making efforts to fulfil its social responsibility and contribute to the protection of ozone layer and ecological environment.

In terms of special containers and modular construction business, the Company enhanced the competitiveness of its core products, strengthened the leading position of its existing mainstream products so as to further increase the market share.

The modular construction business of the Group follows the business model of "Integrated Design, Factory Manufacturing, On-site Installation", and has the merits of quick transfer, fast build, no pollution and recyclable. It reflects the concept of innovation and pro-environment, and the Company has the ability to independently design the constructions and obtain related complete intellectual property rights. In April 2013, the Company donated container hospitals to the earthquake-stricken areas in Sichuan Ya'an, and they were quickly put into use. In August 2013, the Group and China Merchants at Shekou Industrial Zone signed a co-development agreement about new media industrial park project at Hipster Port, join together they will build the largest container architectural complex in China.

2. Road transportation vehicle business

CIMC Vehicle Group, a subsidiary of the Company, adhered to the strategic development of the full value chain businesses including the design and development of products, the manufacturing and delivery of products, sales of products and services and customer tracking and feedback, committing to the strategic vision of "relying on our national competitive strengths to offer global customers first-class land logistics equipment and services". In terms of products, it currently has a 10 series, more than 1,000 species of special vehicle product lines, including container transport trailer, flatbed/tailgate transport trailer, low-flatbed semi-trailer, vehicle transport trailer, stake car, van, tank trucks, dump trucks, sanitation trucks, special vehicles, covering major domestic and overseas markets. Due to the effect of anticipation and implementation of the policy that commercial truck's emission standard should update from level III to level IV, the sales of semi-trailers and refitted vehicle had grown steadily over the year; in overseas emerging market, rapid growth was shown in orders, the revenue gained a substantial increase, the market in North American was relatively stable, but the business in European was more difficult than expected.

As affected by the above domestic and international economic and industry environments, the Group's vehicle operation improved substantially. In 2013, the Group sold 104,800 sets of road transportation vehicles (up by 6.07% as compared with the previous year), contributing a revenue of RMB13.335 billion (down by 5.63% as compared with the previous year) and a net profit of RMB264 million (up by 92.69% as compared with the previous year).

The Group's vehicle operation implemented the strategy of "Prudent Management" in all major regional markets over the world, committing itself to resources integration, improving operational efficiency of asset and profitability, and focused on investing in technology upgrades and construction of marketing network. The Company timely adjusted the business strategy of domestic market, focusing on improving profitability and added value of the leading products, such as reefer trucks and dump trucks. In European market, the main subsidiary LAG is trying to change its primary business, and in order to truly realize commercialized operation, Silvergreen Company promoted various management measures, the main goal of these movements is to develop target customers and optimize the cost structure to meet the average level of the industry. In the market of North American, with the purpose to enhance operating capability, the Company had conducted a lot of expansionary investments and completed a number of annual objectives, such as equity structure adjustment, new plants construction, new product development, and so on. In emerging markets, mergers, acquisitions and newly-built production assembly bases were growing, which ensured the presence of the Group's mainstream products in the emerging market of major countries. Through extended development, the Group consolidated and expanded its business of vehicle logistic park, a commercial model was clearly shown, a good foundation for future development was laid and the revenue was considerable.

In 2013, under the background of slow recovery in macroeconomics and the implementation of National Stage IV emission standard in certain regions, the domestic market of heavy truck had bounced from the downturn that began two years ago. Benefit from the rapid growth in demand for heavy trucks that consume natural gas, LNG heavy truck business became a new growth point of market demand. By the means of holding 45% of C&C Trucks' equity, the Company started to develop and operate the heavy truck business. The annual sales income of this business was RMB1.344 billion, an increase of 100.00%, losses reduced further. It is expected that in the future the growth of China's heavy truck market will slow down, but demand for LNG heavy trucks will probably continue to grow rapidly. C&C Trucks will keep developing medium-sized truck and heavy trucks, lightening the weight of trucks, and through these methods to improve quality and service, build up the brand image and expand the target customers. Also, it will put great effort to develop LNG heavy trucks, launch competitive medium-sized trucks and heavy trucks and achieve economies of scale.

3. Energy, Chemical and Liquid Food Equipment Business

The Group's energy, chemical and liquid food equipment business is mainly conducted through CIMC Enric and its subsidiaries, which are mainly engaged in all types of transportation, storage, design, development, manufacturing, engineering and sales of the processing equipment in these three sectors, and provide technical maintenance services. Energy, chemical equipment products and services are provided by the Company throughout China and the products are exported to Southeast Asia, Europe, North America and South America. In addition, the production base of liquid food equipment products locates in Europe; it supplies products and services worldwide.

The global demand, especially domestic demand for natural gas, distribution equipment and natural gas vehicles are on the rise. The sales of energy equipment continued to thrive in current year. Demand for tank container, the main product of our chemical equipment business, was better than expected, generally the same as that in 2012. The business environment of liquid food service equipment also improved, and the acquisition of certain assets of the Ziemann Group also expanded the Group's product mix, driving up its turnover. The revenue from the energy, chemical and liquid food equipment business of the Group in 2013 was RMB11.58 billion, representing an increase of 20.20% as compared with the previous year. The net profit was RMB912 million, representing an increase of 41.34% as compared with the corresponding period of the previous year. Among which the revenue from energy (natural gas) equipment business of CIMC Enric amounted to RMB5,372 million, representing an increase of 25.84% as compared with the corresponding period of the previous year. The revenue from chemical equipment business was RMB3,094 million, representing an increase of 8.70% as compared with the corresponding period of the previous year. The revenue from liquid food equipment business was RMB1,516 million, representing an increase of 56.57% as compared with the corresponding period of the previous year.

During the Reporting Period, CIMC Enric adopted a number of strategies to enhance its core competitive advantages, including upgrading its production capacity, improving its existing product technology and accelerating research and development of new products. Its new plants in China commenced operation one after another, further augmenting its existing production capacity and research and development of new product lines. Since 2012, CIMC Enric focused on and invested resources in developing its EPC (Engineering, Procurement and Construction Contract) business, aiming to provide its customers with integrated solutions. That is one of its long-term strategies to expand its business scale and consolidate its market position.

In 2013, the Group concentrated on blending the assets acquired from the Ziemann Group in 2012 into the business and operating structure of CIMC Enric. As Ziemann Group is the world's leading provider of solutions for brewery turnkey projects, we are to make good use of the acquired resources, such as its brand, market network, production technology, automated processing and project achievements etc. to support the Group's growth. The acquisition also contributes to the increase of gross profit margins of CIMC Enric's liquid food equipment business from the following two aspects: first, CIMC Enric is now armed to provide a full range of brewery equipment and turnkey projects for higher gross profit margin, so the acquisition will help to improve the gross margin of the segment, second, as Ziemann Group used to be one of CIMC Enric's competitors, the acquisition somewhat alleviated the competition in the market of liquid food equipment.

In order to cope with the market demand, CIMC Enric actively invested in the development of new products and upgrading of its production technologies: working closely with Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. to ensure overall planning and coordination of R&D and product design; entering into strategic cooperation with the domestic research institutions and external professionals from the steel mills, aiming to develop its own high-strength steel for mobile pressured vessel. In order to secure the Group's leading position in the market, and ensure sustainable development of the industry in which it operates, CIMC Enric also participated in the establishment of a number of international and industrial product standards in addition to its internal R&D efforts.

In 2013, the Group spent more efforts in developing overseas markets and building marketing channels, particularly the emerging markets such as South-East Asia, Central Asia and South America, with its annual income from overseas sales grew by approximately 20%. The branch of Shijiazhuang Gas Equipment in the United States was established to cultivate the North American market, leading to a significant growth in the total business volume as compared with the corresponding period of the previous year. Also, the Group has been exploiting the market in Russia and procuring regional strategic cooperation, which remarkable success in cooperation with local competent companies, and concluded the deal of the first set of CNG hydraulic sub-station. The Group will continue to implement proactive sales and marketing initiatives, e.g. building a market information database, deal conclusion-oriented marketing mechanisms and key account management programs, so as to expand its market share.

4. Offshore Engineering Business

We are one of the leading general manufacturers of high-end offshore engineering equipment in the world and have been involved in the competitive international market of offshore engineering business all the time. Our major products include semi-submersible drilling platforms, jack-up drilling platforms and high-end auxiliary vessels for offshore engineering.

In 2013, the sales revenue from offshore engineering business of the Group reached RMB6.982 billion in aggregate, representing an increase of 281.67% from RMB1.829 billion in the previous year. It incurred a loss of RMB297 million, narrowing down significantly by 43.67% as compared with the previous year. The significant increase in revenue and the decrease in loss were mainly due to the sales of semi-submersible life platform OOS PROMETHEUS, semi-submersible crane platform OOS Gretha and 300-foot jack-up drilling platforms – MASTER DRILLER, MASTER DRILLER II, and based on the progress of projects under construction, sales revenue increased greatly comparing with the last year when the delivered projects and projects under construction are fewer at the same period, hence the sales revenue were lower at then. As the successful sales of self-constructed projects (two semi-submersible crane/life platforms, two jack-up drilling platforms), the financial costs substantially reduced, with the quality guarantee deposit returned from the delivered projects and other prepaid expenses, the annual loss has significantly reduced, the budget goal has been realized by and large.

In 2013, CIMC Raffles made major breakthroughs in order delivery, especially in delivery of self-built due projects and sales. Two deepwater semi-submersible crane life platforms – OOS Gretha and OOS Prometheus were delivered to the clients in December 2013, were subsequently shipped to Brazil on 23 February 2014 and 9 March 2014 respectively, for delivery to the end user Petrobras. The above semi-submersible crane life platforms are truly "China's first deep-water semi-submersible platforms developed, designed and constructed completely by the Chinese", representing a significant breakthrough among mainstream customers and mainstream products. In June and November 2013, agreements were signed with ship-owners for delivery of the 300-foot jack-up drilling platforms MASTER DRILLER and MASTER DRILLER II, respectively, which were the third and fourth jack-up drilling platforms after SUPREME DRILLER and CASPIAN DRILLER. In addition, a jack-up workover platform also secured a one-year lease from COSL. By 2013, CIMC Raffles had basically delivered all the due projects. The litigation with Schahin in Brazil also made good progress and an amount of US$95 million due to the Company has been successfully recovered.

CIMC Raffles also made great progress in project construction. On 28 August 2013, CIMC Raffles kicked off the construction of Frigstad Deepwater Rig Alfa, the world's largest ultra-deepwater semi-submersible drilling platform with double rigs, in its Haiyang base, for its Norwegian customer, Frigstad Deepwater. In September 2013, the upper hull of its fourth drilling platform "興旺號" – COSL PROSPECTOR XINGWANG, built for COSL, successfully joined with the lower hull as planned, taking the project into the testing phase. In December 2013, its self-built 300-foot jack-up drilling platform was granted an ABS Certificate.

During the year, the Group continued to strengthen the research and design systems of offshore engineering. In July 2013, the CIMC Institute of Marine Engineering commenced operation. Known as the "National Energy Offshore Oil Drilling Platform Research and Development (Experiment) Center", it has become an incubator integrating production, teaching and research as well as an international collaborative innovation platform. During the year, the semi-submersible platform designed and developed by Yantai CIMC Raffles independently was granted the First Prize of the Shandong Province Science and Technology Progress Award as well as the First Prize of the Science and Technology Progress Award from the Energy Bureau. In November 2013, the Company and a Swedish company BASSOE TECHNOLOGY AB (referred to as BTAB) signed a sale and purchase agreement to acquire 90% shares of BTAB and the acquisition has been completed. As an emerging offshore engineering design company, BTAB has its core staff richly experienced in offshore engineering projects. BTAB is highly capable of basic design. In less than 5 years after it was established in 2007, it has come out with designs for drilling vessels, semi-submersible drilling auxiliary platform, semi-submersible workover platform and semi-submersible drilling platform, and has obtained many actual vessel projects. The acquisition will help obtain market orders especially in the North Sea market; also, this strategic move integrated resources that benefit the rapid development of offshore engineering. In order to further expand in the field of offshore engineering, this is an important step for the Group; it has positive influence on enhancing the basic design ability of offshore engineering, enriching current product lines and perfecting the industry chain of offshore engineering.

In 2013, the marketing of self-designed products had made progress, with two of our self-designed semi-submersible crane life platforms receiving a long-term lease from Petrobras. Breakthrough was also made in the orders of the Company's self-designed jack-up production platforms, which also received a long-term lease from PEMEX. Our self-designed GM4-D series, which is China's first semi-submersible drilling platform that is capable of operating in polar waters, received the second order from the ship-owners in 2013, following the first order in 2012 and commencement of construction in June 2013.

In 2013, the Group focused on the semi-submersible platform and jack-up platform and continued to consolidate its market position, while for the first time, it obtained orders of drilling platforms and production platforms, and this was a breakthrough on new products. Successively it secured bulk orders, including 1+1 semi-submersible drilling platforms, 5+4 jack-up drilling platforms, 1+3 drilling vessels and one jack-up production platform. And the lease of one jack-up service platform from COSL. The total price of the valid orders in 2013 was about US$1.8 billion, and the total price of all orders on hand was about US$4 billion.

By the end of 2013, CIMC Raffles had secured orders of 5 semi-submersible drilling platforms, accounting for 20% of the global market. In the North Sea of Norway, currently, three semisubmersible drilling platforms built by CIMC Raffles are in operation, and another three are under construction. CIMC Raffles has become the main supplier for the semi-submersible drilling platform that specially designed for the harsh environment of North Sea. In Brazil, two deepwater semi-submersible drilling platforms built by CIMC Raffles are presently in operation, and another two semi-submersible crane life platforms are leased by Petrobras for long-time use and will begin their service for Petrobras at the end of March of 2014.

5. Airport Facilities Business

The airport facilities business of the Group mainly includes boarding bridges, air cargo processing systems, airport ground support equipment (GSE) (including shuttle bus, lifting platform vehicle, fire truck, etc.), stereo garage, logistics and related services.

In 2013, the airport facilities business segment realised revenue of RMB888 million, representing an increase of 17.27% as compared with RMB757 million in the previous year. Its net profit was RMB116 million, representing an increase of 69.03% as compared with RMB69 million in the previous year. The business structure of this segment was further optimized, and the proportion of income from businesses other than civil aviation increased significantly in this segment.

During the year, the Group's airport facilities business had made expected breakthrough in market expansion, mergers and acquisitions, business expansion and other aspects. In July 2013, the Group announced that it would inject 70% equity interest in Shenzhen CIMC Tianda Airport Support Co., Ltd. ("CIMC Tianda") into Pteris Global Limited ("Pteris", a listed company on the main board of the Singapore Stock Exchange, stock code: J74). In October 2013, the Group successfully took over the entire business and assets of a French company, Air Marrel. In November 2013, the Group signed a sale and purchase agreement with Albert Ziegler GmbH & Co KG of Germany to acquire the assets of Ziegler for approximately €57 million, pursuant to which the Company bought related assets and equities or shares of Ziegler's nine subsidiaries in Germany or other countries. Upon completion of the above acquisitions, technology coordination, collaboration of after-sales service and internal management and resource integration had already started and preliminary results were achieved. Hence, the Group had formally become a manufacturer for high-end fire trucks. The above acquisitions perfected the existing product portfolio of airport facilities business, and synergistic effect had been achieved. The overall competitiveness of airport facilities business had been improved, and our product range of special vehicles had been enriched. Moreover, in the future, these acquisitions will help the Company benefit from China's urbanization development. A subsidiary of CIMC Tianda, XIEFA Airport Equipment Ltd. ("XIEFA") is a professional design, manufacturing and services enterprise of airport shuttle bus and other ground support equipment (GSE), which is a leading manufacturer for airport shuttle bus in China. Since CIMC Tianda took over XIEFA in 2012, all by itself, XIEFA had successfully developed the first "bi-directional shuttle bus" in China and delivered it to Perth Airport at Australia. Hong Kong airport, after accepted the delivery of 10 airport shuttle buses manufactured by XIEFA and put them into use, in March 2013, made a new order to purchase 20 new-type bi-directional shuttle buses from XIEFA. After that, XIEFA had made successive breakthroughs in tapping the market of Maldives, Thailand, Indonesia and other overseas countries, achieving further expansion into new overseas markets.

In April 2013, the Group established Shenzhen CIMC Tianda Logistics System Engineering Co., whose main business includes automated sorting system for industrial users, warehouse planning, design, renovation and other EPC projects.

6. Logistics services and equipment business

The Group is committed to offering specialised logistic equipment and comprehensive logistic solution for customers in different industries. The logistic equipment products of the Group mainly comprise of the pallet containers for vehicle, logistics, food, chemical and agricultural purposes, and the the IBC made of stainless steel (Intermediate Bulk Container) for chemical and food usage, as well as specialised logistic equipment. Meanwhile, the Group also provides logistic services based on its standardized logistic appliances, transportation service solutions regarding finished automobiles based on special containers, logistic service solutions regarding logistic of liquid based on IBC containers, logistic service solutions regarding transportation of automobiles based on pallet boxes as well as pallet leasing and repairing services, and dedicated logistics, contract logistics and cold-chain logistics businesses.

In 2013, the Company achieved sales income of RMB6.216 billion and net margin of RMB179 million in its logistics services and equipment business.

During the year, through multiple acquisitions, the Group had accelerated its pace of business expansion. It innovated its trading, financial service and full-life cycle services for containers in container logistics; and has been looking out for new business opportunities in coastal industrial upgrading, China's central and western development, urbanization, energy conservation and emissions reduction, and green industry development. On 6 March 2013, the Group purchased 36.78% equities of Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group") after which the Group's shareholding in Zhenhua Group increased to 75%, and from 1 April 2013, Zhenhua Group became a subsidiary of the Group. Zhenhua Group has become one of our subsidiaries since 1 April 2013. Based in Tianjin, Zhenhua Group mainly engages in logistics related businesses. This acquisition will sharpen the Group's edge in comprehensive logistics service.

On 30 December 2013, the wholly-owned subsidiary of the Group signed a share sale and purchase agreement with a subsidiary of Maersk Group, the leading company in global shipping industry, to buy 70% shares of Brigantine Services Limited and Brigantine International Holdings Limited. Through this acquisition, the Group expanded its business scale of existing container yard services and container maintenance services, perfected its capacity of full-life cycle services on containers and acquired Brigantine's business platform and network of used containers. At the same time, this agreement had laid the foundation for further cooperation in the future.

In the 20 years of its development, the Group has completed a shift from the conventional and basic pattern to integrated and value added operations in logistics services and equipment manufacturing, and is reaching out to provide comprehensive logistic solutions. In the future, the Group will continue to promote major projects such as engine packaging and auto parts customers; packaging and logistics services for vehicle components and parts and develop big customers; strengthen lean management over businesses; promote related businesses including domestic logistics, cold chain businesses, logistic finance, engineering and project logistics, equipment manufacturing, supply chain logistics, international shipping agency, international freight agency, and comprehensive logistics at port, and consider chances to enter the e-commerce logistic market.

7. Real estate development business

In 2013, China's regulation and control policy on real estate market had no fundamental changes, and the superimposition effect on investment, development and house-purchase still continued, with high market pressure. CIMC Real Estate Development Co., Ltd. of the Group at Shenzhen continued to promote the project construction and sales in Yangzhou, Zhenjiang, Jiangmen and Yangjiang according to the plan, CIMC Innovation Industrial Park Project at Songshan Lake in Dongguan has been started, and other projects at Longhua in Shenzhen, Kunshan in Jiangsu have completed the first-phrase preparations. During the Reporting Period, the real estate business of the Group achieved commercial housing revenue of RMB1.65 billion, rose by 1.29 times on a year-on-year basis. The achieved revenue during the Reporting Period was RMB1.326 billion, with a net profit of RMB157 million.

The Group owns an industrial land at the cooperative zone of modern service industry of Shenzhen Qianhai Port ("Qianhai Cooperative Zone"), with an area of 52,4200 square meters. In the year, the Company had deep communication with the Shenzhen Municipal Government and Qianhai Administration Bureau regarding the development plan of this land, which has gained preliminary recognition and support of the government, but hasn't reached specific development program yet. The Company will take active action to join in the development and construction of Qianhai in future in the light of the overall planning and requirements, and make new contribution to the development of Qianhai and embody new value. Besides Qianhai Area in Shenzhen, the Group has land reserves or industrial land blocks which are expected to be changed into industrial land for commercial development in Shekou in Shenzhen, Pingshan, Songshan Lake in Dongguan, Yangjiang in Guangdong, Qingdao in Shangdong, Yangzhou in Jiangsu, Zhenjiang, Baoshan in Shanghai, etc.

8. Financial business

As for its financial business, the Group was devoted to the establishment of a financial service system which matches its role as a world leading manufacturer, so as to promote the expansion of its businesses and enhance the efficiency and effectiveness of its internal capital utilization. The main operating subsidiaries consist of CIMC Financial Leasing Co., Ltd. (CIMC Financial Leasing) and CIMC Finance Company Ltd.(CIMC Finance). In 2013, the Group achieved a revenue of RMB877 million and a net profit of RMB431 million, representing an increase of 24.56% and 16.40% as compared with last year, respectively.

Over the past five years, CIMC Financial Leasing has maintained sustained rapid growth, the CAGR (compound average growth rate) of new business volume is 63.3% in these five years, in the same period, the CAGR of net profit is 76.3%. Meanwhile, CIMC Financial Leasing has deeply appreciated the demand of the Group's strategic customers and rapidly replicated business model, relying on "Chinese capital" and "Chinese design" to integrate global resources. In 2013, based on the project of CMA9200TEU container ship financial lease, CIMC Financial Leasing successfully duplicated business model and signed a lease of 14 8,800 TEU container ships with MSC, the total amount of this project is approximately US$1.19 billion, which expanded the quality assets of ship leasing. Also, the Company furthered the industry-finance synergy with CIMC Raffles, promoted the implementation of major strategic projects and made major breakthroughs in global emerging markets such as Brazil. Comprehensively, the Company pushed forward the industry finance synergy with other segments of the Group, and for the first time, it secured contracts in modular construction, warehouse automation and automatic stereo garage and other financing projects, in the UK, Australia and other international mainstream markets, it has fulfilled the zero breakthrough.

CIMC Finance deeply implemented a three-year strategic plan, with self-positioning of "fund manager, financial services provider, financial value producer", entered a new stage of development. As the Group's "fund manager", CIMC Finance continued to strengthen the centralized management and effective functioning of the Group's capital pool, it significantly reduced the liabilities of the Group and well managed the Group's total capital, lessened the Group's finance costs, funding costs and transaction costs, and the efficiency of monetary funds was further improved. CIMC Finance had made a new breakthrough in the aspects of "financial services provider, financial value producer", it launched new businesses such as supply chain finance, foreign exchange settlement, cross-border RMB settlement, guarantee, etc. Also, CIMC Finance developed new financial instruments like electronic commercial draft, inter-bank borrowing and rediscount. These new businesses and tools have further improved the professional competence and service level of the Group's financial business, at the same time, they exploited new investment and financing channels for the Group, created new financial value and profit growth point, and further enriched the meaning of combination between industry and finance, boosted the development of the industry.

The Company reviewed and concluded the progress of development strategy and business plan reviewed at earlier stage

As for container manufacturing business, the Company optimized adjustment on organizational structure; the operation management is more focused on business and customers, shortening the management chain; and strengthened a mechanism to respond promptly to any changes in orders and the market. In this process, the most sophisticated technologies at present have been utilized. The unified service platform for special containers' modularization had been initially established, achieving synergistic effect and making progress in the business strategies for new clients and new products. In terms of capacity regional distribution, a certain degree of optimization and adjustment had been carried out, The major investment projects such as Dongguan Fenggang project, Taicang cold container project, Qingdao cold chain industry park, are progressing smoothly.

As for road transportation vehicle business, the Company continued to expand the regional market share, especially in emerging markets, the sales volume grew significantly; it set out the development of "Silvergreen Series" in China, with intention to break through the European market, and it established and gradually improved the auto parts outsourcing system of Europe CSG (CIMC Silvergreen), started China-Europe advanced dump module development project; improved sales and service network.

As for energy, chemical, liquid food equipment and service business, the Company further built and completed the management model and system centering on the business and it reinforced the integration of the M&A resources and advanced the ability on engineering project management by business collaboration and China-EU mutual strengths to enhance engineering business. The Company actively promoted the research and development of new products, intensified the development of special pot boxes and consolidated and improved the existing main equipments and products market shares. As for high pressure, low temperature and medium pressure vessels, pot boxes and liquid food equipments, the Company enhanced the expansion of overseas markets and the building of marketing channels and vigorously promoted the North American market.

As for offshore engineering business, the Company pushed forward the level of standardization and serialization of products and engineering projects, it arranges the resources of three production bases as a whole; also, it strengthened the supporting capacity of the core equipment, improved advantages on design and manufacturing of piles, enhanced the right of choice on key parts of jack-up platforms, built up the discourse power in the field of jack-up platform, and came up with joint-designed and self-designed ship models, urged improvement on technology and production management.

The reason why the actual operating results is lower or higher by 20% or above than the profit forecast for this year which has been publicly disclosed

☐ applicable ✓ not applicable

III. FINANCIAL DISCUSSION AND ANALYSIS PREPARED ACCORDING TO THE REQUIREMENTS OF DOMESTIC SECURITIES REGULATORY AUTHORITIES

1. Income

In 2013, the Company recorded an revenue of RMB57.874 billion, representing an increase of 6.52% from RMB54.334 billion for 2012, and the net profit attributable to equity holders of the Company amounted to RMB2.180 billion, representing an increase of 12.44% from RMB1.939 billion for 2012. The basic earnings per share amounted to RMB0.82.

The Company's income of the physical sale is higher than the service revenue or not.

✓ Yes ☐ No

Industry classification	Item	2013	2012	Year-on-year change (%)
Container	Sales volume			
	Dry container ('0000 TEU)	**108.83**	108.09	0.68%
	Reefer ('0000 TEU)	**11.96**	12.33	(3.00%)
	Special container (ten thousand units)	**6.39**	7.31	(12.59%)
Road transportation vehicles	Sales volume (ten thousand units)	**10.48**	9.88	6.07%
Marine engineering business	Sales volume			
	Semi-submersible Drilling Platform (unit)	2	1	100.00%
	Jack-up Drilling Platform (unit)	4	1	300.00%
	Production output			
	Semi-submersible Drilling Platform (unit)	3	3	0.00%
	Jack-up Drilling Platform (unit)	6	7	(14.29%)

Instruction of the reasons for relevant data changes by 30% on a year-on-year basis

✓ applicable ☐ not applicable

2013 saw new achievements in the sales of semi-submersible platform and jack-up platforms of our Offshore Engineering Business compared with the same period of the previous year.

The Company's major orders in hand

☐ applicable ✓ not applicable

Products or service changes greatly during the Reporting Period or adjustment of relevant situations

☐ applicable ✓ not applicable

Major sales clients of the Company

Total sales amount of the top five clients (RMB'000)	8,457,805
% of total sales of the top five clients to the annual total sales	14.61%

Information of the top five clients of the Company

Number	Name of Clients	Sales Volume (RMB'000)	% of annual total sales volume
1	Cronos Containers Ltd.	2,503,402	4.32%
2	Great Excel International Industrial Ltd	1,684,495	2.91%
3	Tal International Container Corporation	1,627,757	2.81%
4	SEACO SRL	1,479,201	2.56%
5	Hapag-Lloyd AG	1,162,950	2.01%
Total	–	8,457,805	14.61%

2. Cost

Industry Classification

Unit: RMB'000

Industry classification	Projects	2013 Amount	2013 % of business cost	2012 Amount	2012 % of business cost	Year-on-Year change (%)
Container	Direct materials	15,850,452	86.75%	18,774,443	90.88%	(15.57%)
Road transportation vehicle	Direct materials	7,536,974	66.69%	7,196,065	58.74%	4.70%
Marine engineering	Equipment	2,582,384	37.57%	735,971	42.95%	250.88%

Product Classification

Unit: RMB'000

Product classification	Projects	2013 Amount	2013 % of total cost of sales	2012 Amount	2012 % of total cost of sales	Year-on-Year change (%)
Container	Direct materials	15,850,452	86.75%	18,774,443	90.88%	(15.57%)
Road transportation vehicle	Direct materials	7,536,974	66.69%	7,196,065	58.74%	4.70%
Marine engineering	Equipment	2,582,384	37.57%	735,971	42.95%	250.88%

Conditions of main suppliers of the Company

Total purchase amount of the top five suppliers (RMB'000)	3,454,419.99
% of the total purchase amount of the top five suppliers in the annual total purchase amount	25.18%

Information of top five suppliers of the Company

Number	Name of suppliers	Purchasing amount (RMB'000)	% of the annual total purchasing amount
1	Angang Steel Company Limited	845,541.64	6.16%
2	Shanghai Baosteel Pudong International Trade Co., Ltd.	773,294.98	5.64%
3	Shougang Jingtang United Iron & Steel Co., Ltd.	636,598.15	4.64%
4	Wuhan Iron and Steel Co., Ltd.	608,911.00	4.44%
5	Guangdong Junjie Metal Materials Co., Ltd.,	590,074.22	4.30%
Total	–	3,454,419.99	25.18%

3. Major Components of Expenses

Unit: RMB'000

Projects	2013	2012	Year-on-year change (%)
Sales expenses	1,832,733	1,765,697	3.80%
Finance expenses	438,992	524,557	(16.31%)
Management expenses	4,041,552	3,720,704	8.62%
Income tax expenses	928,222	976,950	(4.99%)

4. R&D Expenditure

The Company formulated medium-term and long-term development strategies to optimize technical R&D system and platform, accelerated R&D of products and technologies as well as the upgrade and replacement of available products; adhered to the core value of "Innovation", promote R&D of new products, new technology, new process and equipment; reinforced intellectual property rights protection.

The technical centre of the Group belongs to National Enterprise Technology Centre, and set up 26 group technical centres for various major industries, five of them are research institutes, 21 technical branch centres, and transformed the leading technology into the competitive advantages and commercial success of the clients relying on the strong R&D organizations.

The total expenditure of R&D this year was RMB501.949 million, accounting for 2.05% of annual net assets in 2013, and 0.87% of the revenue in 2013.

5. Cash Flow

Unit: RMB'000

Item	2013	2012	Year-on-year change (%)
Subtotal of cash flow of operating activities	60,680,452	63,193,687	(3.98%)
Subtotal of cash outflow of operating activities	57,930,526	60,950,768	(4.96%)
Net value of cash flow generated by operating activities	2,749,926	2,242,919	22.60%
Subtotal of cash flow of investing activities	1,445,316	1,149,371	25.75%
Subtotal of cash outflow of investing activities	7,949,775	2,708,719	193.49%
Net value of cash flow generated by investing activities	(6,504,459)	(1,559,348)	(317.13%)
Subtotal of cash inflow of financing activities	22,145,914	18,645,058	18.78%
Subtotal of cash outflow of financing activities	18,512,977	21,534,725	(14.03%)
Net value of cash flow generated by financing activities	3,632,937	(2,889,667)	225.72%
Effect of changes in foreign exchange rate on cash and cash equivalents	(94,420)	40,355	(333.97%)
Net change of cash and cash equivalent	(216,016)	(2,165,741)	(90.03%)

Instructions for reasons that relevant data change by more than 30%

✓ applicable ☐ not applicable

Items	Change	Reasons
Net value of cash flow generated by investing activities	(317.13%)	In addition to purchase and construction of fixed assets, intangible assets and other long-term assets, the reporting period, cash paid for vessels under construction increased significantly in the reporting period, compared with the same period of last year.
Net value of cash flow generated by financing activities	225.72%	In the reporting period, the business expansion resulted in an increase in cash flow generated by financing activities.
Effect of changes in foreign exchange rate on cash and cash equivalents	(333.97%)	In the reporting period, RMB exchange rate fluctuated more than the same period of last year.

Instructions for major differences between cash flow of operation activities of the Company during the Reporting Period and annual net profit this year

☐ applicable ✓ not applicable

6. Composition of principle business

Unit: RMB'000

	Revenue	Cost of sales	Gross rate (%)	Year-on-year change in revenue (%)	Year-on-year change in operation cost (%)	Year-on-year change in gross profit margin
Sub-sectors						
Container	21,307,283	18,272,449	14.24%	(14.22%)	(11.55%)	(2.60%)
Road transportation vehicle	13,334,698	11,301,512	15.25%	(5.63%)	(7.75%)	1.95%
Energy, chemicals, liquid food equipment	11,579,974	9,202,545	20.53%	20.20%	19.03%	0.78%
Marine engineering	6,982,317	6,874,211	1.55%	281.67%	301.15%	(4.78%)
Airport equipment	887,749	609,412	31.35%	17.27%	16.51%	0.45%
Logistics services and equipment	6,215,849	5,417,054	12.85%	201.76%	228.06%	(6.99%)
Others	2,421,429	1,294,688	46.53%	14.84%	17.93%	(1.40%)
Combined offset	(4,854,888)	(4,729,511)	–	–	–	–
Sub-products						
Container	21,307,283	18,272,449	14.24%	(14.22%)	(11.55%)	(2.60%)
Road transportation vehicle	13,334,698	11,301,512	15.25%	(5.63%)	(7.75%)	1.95%
Energy chemicals, liquid food equipment	11,579,974	9,202,545	20.53%	20.20%	19.03%	0.78%
Marine engineering	6,982,317	6,874,211	1.55%	281.67%	301.15%	(4.78%)
Airport equipment	887,749	609,412	31.35%	17.27%	16.51%	0.45%
Logistics services and equipment	6,215,849	5,417,054	12.85%	201.76%	228.06%	(6.99%)
Others	2,421,429	1,294,688	46.53%	14.84%	17.93%	(1.40%)
Combined offset	(4,854,888)	(4,729,511)	–	–	–	–
Regions						
China	20,718,567	–	–	(10.71%)	–	–
America	11,247,084	–	–	(17.61%)	–	–
Europe	13,954,472	–	–	23.85%	–	–
Asia (excluding China)	8,718,240	–	–	138.09%	–	–
Others	3,236,048	–	–	26.85%	–	–

As the statistical method of the Company's principle business was adjusted during the Reporting Period, the data on our principle business for the past year was derived from the modified statistical method as at the end of the Reporting Period

☐ applicable ✓ not applicable

7. Analysis of assets and liabilities

(1) Significant changes in assets items

Unit: RMB'000

	As at the end of 2013 Amount	% of total assets	As at the end of 2012 Amount	% of total assets	Amount change	% change	Reasons for the material changes
Notes receivable	1,376,286	1.90%	778,109	1.24%	598,177	77%	Mainly due to the increase in sales settled by bills in the Reporting period.
Advance to suppliers	3,393,804	4.67%	1,213,042	1.93%	2,180,762	180%	Mainly due to the marked increase in new orders in the offshore engineering segment and the prepayment of equipment purchases in the reporting period.
Other receivables	2,805,061	3.86%	2,114,435	3.36%	690,626	33%	Mainly due to the increase in the accounts receivable this year is mainly attributed to borrowings by related parties outside the Group in the reporting period.
Available-for-sale financial assets	7,342	0.01%	609,751	0.97%	(602,409)	(99%)	Mainly due to the decrease in the available-for-sale financial assets is mainly attributed to the disposal of such assets in the reporting period..
Investment properties	324,811	0.45%	183,668	0.29%	141,143	77%	Mainly due to the acquisition of Zhenhua Group in the Reporting period.
Construction in progress	6,684,619	9.21%	2,279,993	3.62%	4,404,626	193%	Mainly due to the increase in the number of ships under construction in the Reporting period.
Long-term prepaid expenses	96,075	0.13%	47,947	0.08%	48,128	100%	Mainly due to the increase in the long-term prepaid expenses in 2013 is mainly attributed to the increase in insurance premium for finance lease items in the Reporting period.
Other non-current assets	333,097	0.46%	203,040	0.32%	130,057	64%	Mainly due to the increase in other non-current financial assets in the reporting period is mainly attributed to the acquisition of Zhenhua Logistics Group and Hongxin Kingberg.

(2) Significant changes in liabilities items

Unit: RMB'000

	2013 Amount	2013 % of total assets	2012 Amount	2012 % of total assets	Amount change	% change	Reasons for the material changes
Short-term borrowings	7,244,780	9.98%	5,438,407	8.63%	1,806,373	33%	Mainly due to the financing arrangement made to meet the working capital needs in the reporting period.
Dividends payable	197,897	0.27%	38,747	0.06%	159,150	411%	Due to dividends payable to minority equity holders as a result of the acquisition of Zhenhua Group in the reporting period.
Current portion of non-current liabilities	2,458,775	3.39%	1,261,940	2.00%	1,196,835	95%	Mainly due to the long-term borrowings due within one year that were transferred in in the reporting period.
Long-term payables	242,992	0.33%	145,103	0.23%	97,889	67%	Mainly due to the acquisition of Hongxin Kingberg and its subsidiaries in the reporting period.
Financial assets at fair value through profit or loss	27,166	0.04%	82,242	0.13%	(55,076)	(67%)	Mainly due to maturity of some interest rate swap contracts in the reporting period.

(3) Assets and liabilities measured at fair value

Unit: RMB'000

Items	Balance at the 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 charged for the current period	Purchases for the current period	Sales for the current period	Balance at the end of the year
Financial Assets							
1. Financial assets at fair value through profit or loss (excluding derivatives)	389,557	2,919	–	–	–	–	319,605
2. Derivative financial assets	12,684	120,530	–	–	–	–	133,068
3. Available-for-sale financial assets	609,751	–	2,920	–	–	–	7,342
4. Hedging instrument	2,851	–	10,974	–	–	–	7,940
Sub-total of financial assets	1,014,843	123,449	13,894	–	–	–	467,955
Financial liabilities	(95,098)	66,434	–	–	–	–	(28,463)
Total	919,745	189,883	13,894	–	–	–	439,492

The measurement attributes of the main assets of the Company change or not during the Reporting Period

☐ Yes ✓ No

8. Analysis of core competitive Advantages

A development strategy focusing on core businesses to accelerate industrial upgrades

After the global financial crisis in 2008, we stepped up the paces of industrial upgrades, focusing on strategic emerging businesses such as natural gas equipment and offshore engineering equipment while setting foot in financial, logistics and other modern services.

At present, the Company has built up a diversified business portfolio, including container business which continues to take the lead in the industry, as well as road transportation vehicles, energy, chemical and liquid food equipment and offshore engineering businesses with strong competitive edges in the PRC. The long-term focus on core business to constantly sharpen competitiveness in the industry is the core competitive advantage of the Group.

An enterprise framework and management system for continuous improvement and sustainability

The Company has developed a set of effective management models covering business philosophy, governance structure and management mechanism, thus establishing the competitive advantages over its rivals. A standardized and effective corporate governance structure is the institutional safeguards of the Company's sustainable and healthy development. In recent years, the Company launched the strategic upgrade campaign of "building an empowering platform for sustainable healthy development of CIMC". According to the organizational transformation direction of "layering management", the Company established a three-tier management model comprising the Executive Committee, special committees and the Board of Directors as well as a 5S core management process. By introducing the lean management concept and promoting the "ONE" management model to meet the goal of continuous improvements, the Company has established an innovative and forward-looking management system to ensure sustainable and healthy development of its businesses.

Manufacturing management capabilities ensuring high quality at low costs

With the accumulation of large-scale, serialized and standardized management experience and capabilities in the area of container manufacturing over the years and its continuous improvements and upgrades, the Group brings into full play of its manufacturing technologies and process management with high efficiency and competitive costs as well as the core capabilities in lean production management across its business segments.

Integrated resources and collaborative development capacity

In the container sector, the Group has completed industrial consolidation through a series of mergers and acquisitions, and fully integrated supply chain, production and manufacturing, services and other processes to secure its leading cost advantage and leadership in the industry. Hence, on the basis of the existing resources and manufacturing and operating strengths, the Group is able to cultivate new businesses and industry chains for resource sharing and development synergy. The Group is also diversifying into other business segments, aiming to capitalize on local strengths and integrate global resources to establish a new business ecosystem.

Technological research and development capabilities

The Company always attaches great importance to technological research and development capabilities through: (1) developing mid-to-long term development strategy to optimize R&D system and platform and accelerate development of products and technologies as well as evolution of existing products; (2) adhering to the core value of "unlimited innovations" 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 commercialization of technological achievements; and (3) strengthening protection of intellectual property including the construction of intellectual property rights system covering technical secrets and copyrights, and establishing and improving an all-round effective mechanism for protecting, operating, safeguarding and preventing infringement of intellectual property.

In addition to a national enterprise technology center, the Group has 26 group-level technology centers, including 5 research institutes and 21 technical sub-centers. Capitalizing on its strong R&D organization, the Group is well positioned to translate its leading technologies into competitive advantages and business success for customers.

9. Analysis of Investment

(1) External equity investments

1) External investments

Major investees					
Company name	Principal activities	The Company's share percentage of interest in investees (%)	Investment amount in the Reporting Period (RMB'000)	Investment amount in the same period of the previous year (RMB'000)	Change (%)
Zhenhua Group	Transportation of goods, etc.	75%	408,666	–	Not applicable
Ziegler	Fire fighting truck, etc.	100%	483,199	–	Not applicable
Bassoe	Offshore engineering design, etc.	90%	151,554	–	Not applicable

2) Equity investment in Financial institutions

Company name	Company type	Initial investment cost (RMB'000)	Number of shares held at the beginning of the Reporting Period (share)	Shareholding at the beginning of the Reporting Period (%)	Number of shares held at the end of the Reporting Period (share)	Shareholding at the end of the Reporting Period (%)	Book value at the end of Reporting Period (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Classification in accounting	Source of shareholding
Bank of Communications Schroder	Non-listed financial enterprises	8,125	–	5%	–	5%	8,125	5,000	Long-term equity investment	Legal person shares
Total		8,125	–	–	–	–	8,125	5,000	–	–

3) Security Investment

Security	Stock code	Abbreviation of stock name	Initial investment cost (RMB'000)	Number of shares held at the beginning of the Reporting Period (share)	Shareholding at the beginning of the Reporting Period (%)	Number of shares held at the end of the Reporting Period (share)	Shareholding at the end of the Reporting Period (%)	Book value at the end of the year (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Classification in accounting	Source of shareholding
A shares	002024	Suning Commerce Group	146,808	–	–	18,779	0.25%	169,574	8,829	Financial assets held for trading	Acquired from secondary market
B shares	200581	Su Weifu-B	49,471	3,000	0.44%	750	0.07%	16,039	(10,404)	Financial assets held for trading	Acquired from secondary market
H shares	00368	Sinotrans Ship- H	20,076	2,997	0.08%	2,997	0.08%	6,667	2,150	Financial assets held for trading	Acquired from secondary market
S shares	G05.SI	GoodPack	100,764	13,500	2.58%	13,500	2.41%	126,907	2,344	Financial assets held for trading	Acquired from secondary market
Other security investments held at the end of the Reporting Period			0	0	–	0	–	418	–	–	–
Profit or loss from securities investment sold during the Reporting period			0	0	–	0	–	–	13,936	–	–
Total			317,119	19,497	–	36,026	–	319,605	16,855	–	–

Description of shareholdings in other listed companies

✓ applicable ☐ not applicable

As of the end of the Reporting Period, the Group's equity interests in other listed companies are as follows:

Unit: RMB'000

Stock code	Abbreviation of stock name	Amount of initial investment	Number of shares held (Million shares)	Shareholding percentage (%)	Year-end book value	Profit or loss during the Reporting Period	Change in the profit or loss during the Reporting Period	Classification in accounts	Source of shareholding
Australian Stock Exchange: OEL	Otto Energy	13,480	14	1.19%	7,342	–	812	Available-for-sale financial assets	Stock acquisition
Hong Kong Stock Exchange: 206	TSC Group	167,591	92.8	13.43%	176,865	8,132	–	Long-term equity investment	Stock acquisition
Singapore Stock Exchange: J74	Pteris Global Ltd	84,501	82	14.99%	55,038	(21,455)	–	Long-term equity investment	Stock acquisition

(2) Entrusted wealth management, derivatives investment and entrustment loans

1) Derivatives investment

Unit: RMB'000

Name of the derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivative investment	Date of commencement	Date of termination	Investments at the beginning of the period	Provision for impairment (if any)	Investments at the end of the period	Proportion of investments at the end of the reporting period period to net assets of the Company at the end of the reporting (%)	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	None	No	Foreign exchange forward contract	–	2014/1/6	2015/5/16	3,008,961	–	11,881,745	58%	122,898
China Construction Bank	None	No	Interest rate swap contract	–	2009/12/28	2018/12/29	1,005,680	–	666,437	3%	64,066
Total				–	–	–	4,014,641	–	12,548,182	–	186,964

Source of funds for derivative investments	Self-funded.
Litigation case (if applicable)	Not applicable.
Risk analysis and positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	As at 31 December 2013, the derivative financial instruments held by the Group mainly consisted of foreign exchange forward and interest rate swap contracts. The risks in interest rate swap contracts are closely related to interest rate fluctuations. Foreign exchange forwards are exposed to the risks in foreign currency markets and the certainty of the Group's future foreign currency cash inflows. The Group exercises control over derivative financial instruments mainly through: prudently choosing and deciding on the type and quantity of additional derivative financial instruments; and establishing strict and standard internal approval system and operational process for derivative transactions, where the approval and authorization procedures at relevant levels are clearly defined to control the associated risks.
Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value	During the January to December 2013 period, the Group's derivative financial instruments recorded fair value gains/losses of RMB186.964 million. The fair values of the Group's derivative financial instruments are determined based on the quoted market prices from external financial institutions.
Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last Reporting Period	Nil
Specific opinions of independent non-executive Directors on the derivatives investment and risk control of the Company	We believe that in accordance with the regulations and requirements of regulatory authorities, the Company has followed the principle of prudence and established sound internal approval system and operational process to manage its derivative investments, and the risk control is effective.

2) Entrustment Loans

Unit: RMB'000

Borrower	Related party or not	Amount	Interest rate	Guarantor or collaterals	Intended purpose of loans
Quanzhou Jincheng Ocean Shipping Co., Ltd.	No	13,514	16.19%	Corporate guarantee has been provided, with ships as collateral.	Operating asset turnover
Quanzhou Jincheng Ocean Shipping Co., Ltd.	No	15,930	14.64%	Personal guarantee has been provided, with ships as collateral.	Operating asset turnover
Xiamen Xinshuangrong Auto Training Co., Ltd.	No	4,775	21.00%	Real estate mortgage and equity pledge have been provided.	Operating asset turnover
Xiamen Yingzhong Fuhai Auto Co.,Ltd.	No	35,157	7.70%	Corporate guarantee has been provided.	Operating asset turnover
Shenzhen Pengsangpu Energy-saving Services Co., Ltd.	No	6,800	9.00%	Corporate guarantee has been provided, with equipment as collateral.	Operating asset turnover
Xiamen Hongxin International Logistics Co., Ltd.	No	21,873	8.75%	Shareholders' personal guarantees have been provided.	Operating asset turnover
Total	–	98,049	–	–	–

(3) Analysis of principal subsidiaries and associates

Please refer to the relevant information in "II. Review of the Group's Principal Business during the Reporting Period" under "Chapter 4 Directors' Report" in this report for details of the operations principal subsidiaries and associates.

The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Company during the Reporting Period are set out in note IV.4 to the Financial Report prepared in accordance with CAS as set out in this Report.

✓ applicable ☐ not applicable

Company name	Purpose for obtaining and disposing subsidiaries	Method of obtaining and disposing subsidiaries during the Reporting Period	Impact on overall production and performance
Zhenhua Group	To enhance the Group's service capability in the logistics industry	Business merger	The Group's service capability and competitive advantage in the logistics industry will be enhanced
Bassoe Technology AB	To enhance the Group's ability to provide offshore engineering services	Business merger	The Group's ability to provide offshore engineering services will be improved
Ziegler	To expand the product line of the Group's fire fighting truck business	Business merger	The Group's fire fighting truck business will be expanded, which will help raise the Group's income and profits

(4) **Major projects invested by non-raised capital investment**

Unit: RMB'000

Project name	Total amount of investments planned	Amount of investment during the Reporting Period	Actual amount of investment as at the end of the Reporting Period	Progress
Acquisition of Zhenhua Logistics Group Co., Ltd	710,810	408,666	710,810	100%
Acquisition of CIMC Raffles offshore (Singapore) Limited	3,202,289	235,758	3,202,289	100%
Acquisition of Albert Ziegoler GmbH&Co.KG ("AZG")	483,199	483,199	483,199	100%
Acquisition of Bassoe Technology AB	151,554	151,554	151,554	100%
Capital increase in Shenzhen Southern CIMC Eastern Logistic Equipment Manufacturing Co., Ltd.	487,752	398,173	487,752	100%
Capital increase in Qingdao CIMC Reefer Container Manufacture Co., Ltd.	529,496	299,752	529,496	100%
Capital increase in Xinhui CIMC Special Transportation Equipment Co., Ltd.	399,341	300,000	399,341	100%
Capital increase in Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	434,301	142,091	434,301	100%
Capital increase in Frigstad Deepwater Alfa Limited	394,670	388,573	394,670	100%
Capital increase in Frigstad Deepwater Beta Limited	357,016	350,919	357,016	100%
Capital increase in Hongtu Special Aircraft	100,000	80,000	100,000	100%
Establishment of CIMC Cold Chain Research Institution Co., Ltd.	50,000	50,000	50,000	100%
Establishment of CIMC Modular Building Design & Development. Co. Ltd	50,000	50,000	50,000	100%
Establishment of Guangdong Xinhui CIMC Modular Construction Manufacturing Co., Ltd.	80,000	80,000	80,000	100%
Establishment of CIMC Tianda Logistics System Engineering Co., Ltd.	60,000	60,000	60,000	100%

Project name	Total amount of investments planned	Amount of investment during the Reporting Period	Actual amount of investment as at the end of the Reporting Period	Progress
Establishment of Dongguan CIMC Innovation Industrial Park Co., Ltd.	50,000	50,000	50,000	100%
Establishment of Beacon holdings Group Ltd	134,132	134,132	134,132	100%
Total	7,674,560	3,662,817	7,674,560	–

10. Estimate on the operating results for the period from January to March, 2014

Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next Reporting Period becoming a loss or significant changes compared to the corresponding period of the previous year

☐ applicable ✓ not applicable

11. Detailed explanation of changes in accounting policies, accounting estimates and audit method in comparison with the financial report of the previous year

The Ministry of Finance issued the Accounting Standards for Business Enterprises No.39 – fair value measurement and No.40 – the joint venture arrangement and revised standards No.9 – employee compensation, No.30 – presentation of financial statements, No. 33 – the consolidated financial statements and No.2 – long-term equity investment in 2014. The above standards will take effect on 1 July 2014 and overseas listed companies are encouraged to implement them in advance. The Company is a listed company of A shares and H shares, therefore, its 2013 financial statements have been prepared according to the first five of the above standards in advance. We did not adopt No.2 standards in advance, since it was published shortly before our 2013 financial statements were approved for publication and we have not finished the related assessment.

12. Explanation of retrospective restatement for adjustment of significant accounting errors occurred during the Reporting Period

None.

13. Explanation of changes in the scope of consolidated statement in comparison with financial report of previous year

Please refer to note IV to the Financial Statement compiled in accordance with CAS as set out in this Report for enterprise merger and newly set up companies.

14. Profit distribution and dividend payment of the Company

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

✓ applicable ☐ Not applicable

Both the plan for profit distribution and the plan for conversion of capital reserve fund 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 role:	Yes
Were the medium and small shareholders given opportunities to sufficiently voice their opinion and make requests and were their legal interests fully protected:	Yes
Were conditions and procedures legal and transparent in respect of cash dividend policy with adjustments and changes:	Not applicable

The profit distribution plans and the conversion plans of conversion of capital reserves into share capital in the past three years (the Reporting Period inclusive):

The dividend payment plan in the year of 2013: based on the total share capital of 2,662,396,051 shares of the Company as at 31 December 2013, we distributed RMB2.70 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB718,847,000.

The dividend payment plan for 2012: based on the total share capital 2,662,396,051 shares of the Company as at 31 December 2012, we distributed RMB2.30 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB612,351,000.

The dividend payment plan for 2011: based on the total share capital 2,662,396,051 shares of the Company as at 31 December 2011, we distributed RMB4.60 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB1,224,702,000.

Cash dividend payments of the Company for the past three years

Unit: RMB'000

Year	Amount of cash dividend (including tax)	Net profit attributable to ordinary shareholders of the Company in the consolidated statements of the year declaring	% of net profit attributable to ordinary shareholders of the Company in the consolidated statements
2013 (Proposal)	718,847	2,180,321	32.97%
2012	612,351	1,939,081	31.58%
2011	1,224,702	3,690,926	33.18%

The Company recorded a profit during the Reporting Period, and the undistributed profit of the Company was positive. However, the Company did not propose a cash dividend distribution plan

☐ applicable ✓ not applicable

The Formulation and Implementation of the Company's Dividend Distribution Policy in Cash

The Company has adopted a stable dividend distribution policy in a strict compliance with its relevant commitments in its H share listing document and its Articles of Association. At present, the Company distributes its dividend to shareholders once a year, namely the final dividend, and the total profit distributed in the form of cash dividend shall not be less than 30% of the average annual distributable profit of the Company in the last three years. The Company's stable and active dividend distribution policy has received a warm 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 shareholders' meeting by ordinary resolutions. The Company is in strict compliance with all relevant provisions under the Articles of Association over the years for its decision-making on dividend distribution. The Company strives to achieve outstanding operating results and a good return for its shareholders.

15. Plans of profit distribution and conversion of capital reserves into share capital during the Reporting Period

Basis of share capital of distribution plan (share)	2,662,396,051
Total cash dividend (RMB) (including tax)	718,847
Distributable profit (RMB)	1,308,078
% of cash dividends in total a profit distribution	100%

Cash dividend policy:
Where the Company is in a developed 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.

Description of details of profit distribution or conversion of capital reserves into share capital:
Based on the Group's 2013 operation results and taking into account the Group's overall financial position and cash flows situation, the Board of Directors recommended a final dividend of RMB0.27 per share (including applicable taxes) for the year of 2013. The final dividend of 2013 is subject to shareholders' approval at the annual general meeting for the year of 2013.

16. Social Responsibility

Please refer to the full text of the report of social responsibility which has been disclosed on CNINFO Network on http://www.cninfo.com.cn/.

The Company and its subsidiaries are not in the highly polluting industries specified by national environmental protection authorities.

The Company and its subsidiaries suffer from no other severe social safety problems.

No administrative penalty was imposed on the Company and its subsidiaries during the Reporting Period.

17. Registration Form for Reception of the Survey, Communication, Interview and other activities during the Reporting Period

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
7 January 2013	Company	Field research	Organization	UBS	Business structure, recent industrial developments, main business situations, investment progress of the Company, as well as industry outlook in 2013
11 January 2013	Company	Field research	Organization	RBS Investment Bank	Same as above
14 January 2013	Company	Field research	Organization	First Capital, China Life Insurance, China Merchants Securities, Morgan Stanley Huaxin, Sun Life Everbright Life	Same as above
15 January 2013	Company	Field research	Organization	Harvest Fund	Same as above
21 January 2013	Company	Field research	Organization	UBS International	Same as above
25 January 2013	Company	Field research	Organization	CITIC Securities	Same as above
28 January 2013	East Factory	Field research	Organization	Morgan Stanley and BNP Paribas	Same as above
29 January 2013	Company	Field research	Organization	HSBC and Standard Chartered Bank	Same as above
31 January 2013	Company	Field research	Organization	Morgan Stanley and Barclays Bank	Same as above
31 January 2013	Zhang Jiagang, Nantong	Field research	Organization	UBS International and Bank of America Merrill Lynch	Same as above
4 February 2013	Company	Field research	Organization	HSBC and Atlantis Investment	Same as above
5 February 2013	Company	Field research	Organization	Deutsche Bank	Same as above
22 March 2013	Hong Kong	Field research	Organization	Securities Analyst and Fund Manager	Conference for the result of 2012 annual report
25 March 2013	Hong Kong	Field research	Organization	Morgan Stanley, HSBC and their clients	Road show of 2012 annual result
28 March 2013	Singapore	Field research	Organization	Goldman Sachs and its clients	Road show of 2012 annual result
9 April 2013	Yantai	Field research	Organization	DnB, Moon Capital, Swiss Capital	Recent situation of marine engineering business and principal business, investment progress, industry outlook in 2013.
10 April 2013	Company	Field research	Organization	Shenyin Wanguo	Business structure, recent industrial developments, main business situations, investment progress of the Company, as well as industry outlook in 2013
19 April 2013	Company	Field research	Organization	Jefferies and its clients, UBS and its clients	Same as above
6 May 2013	East Factory	Field research	Organization	Guoyuan Securities, Parvest Investment, Eastern Harbour Investment, Wintech Investment, Shanghai Ruixin Investment	Same as above
21 May 2013	East factory	Field research	Organization	Daiwa Securities	Same as above
23 May 2013	Company	Field research	Organization	UBS	Same as above
30 May 2013	Company	Field research	Organization	Soochow Securities	Same as above
4 June 2013	Company	Field research	Organization	Neuberger Berman	Same as above

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
6 June 2013	Yantai	Field research	Organization	Guosen Securities, Shanghai Changxin Asset Management, Taikang Assets, Tadmor Capital, Everbright Pramerica, Merrill Lynch, Essence Securities, Huatai Securities, Haitong Securities, Ruixin Investment, Shenzhen Bailida Investment, CAIDA Securities, BOCI Securities, Wintech Investment, Harvest Fund, Guotai Fund, Hongyuan Securities, Jaguars Asset Management	Recent development of marine engineering business and principal business, investment progress, industry outlook in 2013.
7 June 2013	Wuhu	Field research	Organization	Guosen Securities, Guotai Fund, Taikang Assets, Everbright Pramerica, Merrill Lynch, Essence Securities, Huatai Securities, Everbright Securities, Haitong Securities, Ruixin Investment, Tanita Shenzhen Investment, CAIDA Securities, BOCI Securities, Hongyuan Securities, Jefferies and its clients	Recent development of heavy truck business and principal business, investment progress, industry outlook in 2013
18 June 2013	Lang Fang	Field research	Organization	Everbright Securities, CRAMC, Ying Feng Capital, Wanjia Fund, Essence Securities, Huatai Securities, Haitong Securities, Xin Chao Capital, China Merchants Securities, BOCI Securities, Hua Chuang Securities, Shenyin Wanguo Securities, Shanghai Sunflower Investment, Shanghai Shangya, CICC Company, J.P. Morgan, Guotai Junan Securities, GF Securities, Guoyuan Securities Hong Kong, CICC Company, Bosera Funds	Recent development of energy and chemical business and principal business, investment progress, industry outlook in 2013
19 June 2013	Zhang Jiagang	Field research	Organization	Everbright Securities, CRAMC, Ying Feng Capital, Wanjia Fund, Essence Securities, Huatai Securities, Haitong Securities, Xin Chao Capital, China Merchants Securities, BOCI Securities, Hua Chuang Securities, Shenyin& Wanguo, Shanghai Sunflower Investment, Shanghai Shangya, CICC Company, J.P. Morgan, Guotai Junan Securities, GF Securities, Guoyuan Securities Hong Kong and Bosera Funds	Recent development of energy and chemical business and principal business, investment progress, industry outlook in 2013
26 June 2013	Shanghai	Field research	Organization	Merrill Lynch, Nomura Asset Management	Same as above
4 July 2013	Hong Kong	Others	Organization	Capital Construction Conference of J.P.Morgan Chase	Recent Infrastructure industry situation and investment strategy

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
11 July 2013	Company	Field research	Organization	Franklin Trust, EO Capital, KGI Securities	The Company's business status, recent situation of the industry and principal business, investment progress, estimated result of 2013 and industry outlook in this year.
12 July 2013	Company	Contact by phone	Organization	First Beijing	Same as above
17 Jul 2013	Company	Contact by phone	Organization	Taiwan Yongfeng Investment Trust	Same as above
19 July 2013	Company	Field research	Organization	Everbright Pramerica Fund, Taikang Asset Management, Guosen Securities, Minsheng Securities, Huatai Securities, China Merchants Securities, Hua Chuang Securities, Everbright Securities, GF Securities, First State Cinda Asset, Guoyuan Securities in Hong Kong, UBS, Jefferies, GE Capital, Guotai Junan Securities, Changxin Fund, Barclays Capital, Citi Investment Research & Analysis, Macquarie Group, Morgan Stanley, Standard Chartered Bank (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited, HSBC, Guotai Junan Securities (H.K.) Limited, Bank of America Merrill Lynch, Goldman Sachs (Asia) L.L.C.	Same as above
22 July 2013	Company	Field research	Organization	Goldman Sachs, Wellington Fund	Same as above
24 July 2013	Company	Field research	Organization	Grand Cathay Securities	Same as above
26 July 2013	Company	Field research	Organization	Citigroup Global	Same as above
28 August 2013	Hong Kong	Others	Organization	Media and analysts	Disclosure of interim result of 2013
30 August 2013	Company	Field research	Organization	Gaoguan Investment Company	The Company's business status, recent situation of the industry and business, investment progress, interim result of 2013 and industry outlook of this year.
30 August 2013	Company	Contact by phone	Organization	Clients of CLSA	Same as above
3 September 2013	Company	Contact by phone	Organization	CLSA	Same as above
9 September 2013	Qianhai, Shenzhen	Field research	Organization	Myriad Asset Management	The Company's business status, recent situation of the industry and business, investment progress,;the situation of the land in Qianhai
13 September 2013	Shenzhen	Written inquiry	Others	Activities on on-line group reception day for interactive platform of investment relationship	The Company's business status, recent situation of the industry and business, investment progress, annual result of 2013 and industry outlook of this year.
23 September 2013	Shanghai	Field research	Organization	T Rowe Price	Same as above
27 September 2013	Company	Other	Individual	Individual investors (communication via on-site Shareholders' Meeting)	Same as above

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
14 October 2013	Langfang	Field research	Organization	AIA	Recent development of energy and chemical business and principal business, investment progress, industry outlook in 2013
15 October 2013	Yantai	Field research	Organization	AIA	Recent development of marine engineering business and principal business, investment progress, industry outlook in 2013
11 November 2013	Company	Field research	Organization	Nissay Asset Management	The Company's business status, recent situation of the industry and business, investment progress, annual result of 2013 and industry outlook of this year.
27 November 2013	Company	Field research	Organization	GF Securities, INDUS	Same as above
3 December 2013	Company	Field research	Organization	Standard Chartered Bank	Same as above
6 December 2013	Company	Field research	Organization	Orient Securities Company	Same as above
27 December 2013	Company	Field research	Organization	Guotai AMC	Same as above
30 December 2013	Company	Contact by phone	Organization	Unified Asset Management	Same as above

IV. BUSINESS PROSPECTS OF THE GROUP IN 2014

1. Economic Environment and Policies

Looking into 2014, the world economy is expected to maintain a momentum of slow recovery and the driving force of the global economy shifts to developed countries with a steady recovery led by the United States. Chinese government will remain relatively stable fiscal policy and steady monetary policy with a slightly tight, and the domestic economy is expected to grow at a stable rate with a moderate rise in the inflation in 2014. IMF and Organization for Economic Cooperation and Development (OECD) expect the world economy will grow at the rate of 3.6% in 2014. However, the global economy will still face a lot of uncertainties in 2014, which includes, the United States phases out the quantitative easing, the Euro Area faces the problem of high debt and low confidence, Japan raises the consumption tax rate, and there is an economic slowdown in BRIC countries, etc.

2. Industry Development Trend and Market Outlook

(1) In respect of container business, it is expected that the trade volume of global containers will continue to grow in 2014, at a rate greater than 2013. CLARKSONS (a British shipbroker in dynamic analysis of shipbuilding and marine trade) predicts that the growth rate of container trade will reach 6.0% in 2014. Alphaliner (a French shipping consulting firm) predicts that the growth rate of container trade will be 4.4% in 2014, while the shipping capacity of containers will increase by 5.5%, although the gap between the supply and the demand has narrowed compared to 2013, there remains the oversupply of the shipping capacity. Therefore, shipping companies will take measures such as strengthening the alliance and maintaining slow steaming to further improve efficiency, reduce costs, and absorb excess shipping capacity.

(2) In respect of road transportation vehicle business, the global economy will enter a slow recovery period in 2014, in which the economic environment of North American markets is favorable, and the supply and demand of special vehicles are essentially flat; European economy shows signs of recovery, which is beneficial to the business and client development of the Group; there are growth opportunities for the Chinese market, and the demand for transportation and engineering vehicles will bottom out; the overall economic situation in emerging markets is similar to China, with steady growth in mature markets and urgent demand for new products, and there is a large sales space and significant opportunities for development.

(3) In respect of energy, chemical and liquid food equipment business, 1) Energy equipment business: low-carbon energy is an inevitable trend, the "Twelfth Five-Year" Plan offers appropriate encouragement and support for related industries in future, therefore, the demand for natural gas equipment will also increase fairly rapidly; 2) Chemical equipment business: the global market suffers from overcapacity and stiff competition and there are many uncertainties in the situation of the tank container market, the total demand of which in 2014 is expected to be lower than that in 2013; 3) Liquid food equipment business: the global beer industry is more and more matured, and the European and North American markets suffer from negative growth affected by the weak economy, while emerging economies such as China, Southeast Asia and South America suffer from a new growth taking the place of developed counties.

(4) In respect of offshore engineering business, in recent years, China has introduced many policies to support the offshore engineering industry, in particular the "Twelfth Five-Year" Plan has listed the offshore engineering equipment manufacturing as a strategic emerging industry to supports. This brings a huge strategic opportunity for the development of offshore engineering. The global offshore engineering market is in a booming period, and mainstream oil service companies have completed the replacement of jack-up drilling platforms and drilling rigs. In 2014, many mainstream customers are in demand for batch replacement of old semi-submersible drilling platform. In the next five years, the compound annual growth rate of investment in offshore oil and gas exploration and production will maintain a CAGR of 10%.

3. Overall Operation Targets for our Business Development and Initiatives

In 2014, The Group will continue to promote the transformation and upgrading to seek continuous improvements. It will constantly innovate in technology, business models and management mechanisms and control risks. Major efforts will be made to seize the historic opportunity to set challenging goals for growth and development, to move towards the goal of becoming a worldclass enterprise. The Group will continue to create new systematic and cultural merits, carry out systematic upgrade in product and technical innovation, especially business model and other areas, focus on breakthroughs so as to cultivate competitive edges and optimize business structure and establish an "accumulative continuous improvement mechanism", in order to lay a new foundation for the continuous healthy development of the Group.

In respect of container business, the Group will continue to focus on connotative growth, begin the transformation towards the service, base on market orientation, strengthen the cost management, optimize the rapid response mechanism, and enhance the competitiveness of core businesses; the Group will make efforts to explore and research new business opportunities for special container business, modular construction business and cold chain business, etc. Meanwhile, in order to adapt to changes in the external environment, it will commit itself to environmental protection and focus more on constantly improving production conditions, ensuring the supply of workers and attaining effective capacity.

In respect of road transportation vehicle business, in the domestic market, the Group will continue the product innovation and increase investment, to ensure a continuously steady growth of the refrigerator cars business, and exploit opportunities to promote innovative urban logistics vehicles, while increasing the investment in the business of vehicle logistics park, and improving the sales and service network; in North American market, seize market opportunities, promote new product design, and continue the connotation optimization of the Vanguard trailer business, to realize a substantial growth in sales; in the European market, establish the LAG tanker product cluster and expand the brand influence of LAG, and CIMC Silvergreen enters into the European mainstream semi-trailer market; in emerging markets, strengthen cross-border extension of high-end products and brands.

In respect of energy, chemical and liquid food equipment business, the Group will continue to consolidate and strengthen the existing mature products in future, promote the increase in the amount of star-products, and cultivating seeded products; promote the expansion of global markets, focusing on expanding North America, Russia and overseas markets; strengthen technical research and development, and improve the overall technical level; develop the strategic planning, and perform a prospective study for the energy equipment and engineering, to capture potential growth opportunities. By connotation optimization and collaborative sharing, there is a significant increase in the level of manufacturing, supply chain management and labor capacity.

In respect of offshore engineering business, in 2014 the Group will focus on breakthroughs in mainstream customer orders with regard to moderately deepwater semi-submersible drilling platforms. As for the target markets, it will continue to consolidate the position of North Sea markets, and vigorously develop the Brazilian market and other areas, creating synergy between manufacturing capability and design expertise, so as to make a breakthrough in orders with regard to semisubmersible workover platform and the economic semi-submersible drilling platform. 2014 will be a year in which the Group has the most projects under construction and the biggest challenges to its resources and capacity. The Group will accelerate the construction of the project management system, create a procurement system with competitive edge in the field of key equipment/materials, continuously enhance the ONE lean security and improve all the basic management of the Company; gear up the EPC capabilities and centralize all resources on the project to finally ensure achievement of the project; and continue to expand the advantage of the drilling platform, vigorously develop the markets of living platform and production platform, and enrich the product line so as to achieve a sustainable development.

4. Capital Expenditure and Financing Plan

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 RMB5.62 billion in 2014, for which various forms of financing arrangements will be considered.

5. Risk Factors for our Future Development

(1) Policy Risks and Challenges

In recent years, China's economic transformation and upgrading are in full swing. China presents the roadmap for comprehensively deepening reform and overall objectives in the coming years, and various laws and policies are in the changing and adjusting period, especially the industrial policies and tax policies that have a huge impact on the business. The container sector, as part of the traditional manufacturing industries, will face certain policy risks in the coming years, such as the export tax rebate policy, investment approval policy, and industrial land supply policy, etc.

(2) Economic Risks and Challenges

1) Periodic fluctuations: The industries involved in the business operations of the Group are highly dependent on domestic and global economic performance and often vary with the overall economic environment periodical changes, especially the performance of domestic and global industrial sectors. At present, we are facing various risks including declining growth in global trade, China's export and the demand for containers. Under the impact of financial reform, exchange rate fluctuations in the RMB against the USD are more frequent and see choppy trading, which will lead to some exchange rate risks.

2) Market competition: The Group is confronted with competition from domestic and foreign enterprises in respect of container manufacturing, road transportation vehicle, energy, chemical and liquid food equipment businesses. Besides, the competition pattern of the industry may change due to entry of new comers or rising capacity of existing rivals. In particular, as a "strategic emerging industry" of high investment and long cycle underpinned by state policy, domestic offshore engineering players may not only compete with overseas leading counters but are also challenged by more domestic traditional shipyards and capital, which may escalate competition in the future.

3) Industry relocation: From the point of view the law of the endogenous demand and industrial transfer of the container industry, the container industry has been maintained a certain synchronicity with the global trade development and industrial transfer. With the development of global economic integration, as well as increase in the cost of various production elements in China, the manufacture of container containerizable commodities is shifting to lower-cost South East Asia, South Asia and Latin America.

(3) Social Risks and Challenges

1) Employment pressure: Due to demographic changes in China, Chinese manufacturers are generally facing the adjustment and change of employment structure. On one hand, the new generation of Chinese manufacturing workers is expecting better labor environment and their demands and needs are becoming increasingly diversified; on the other hand, with gradual loss of demographic dividend and the adjustment to labor policies in China, China's manufacturers, especially labor-intensive enterprises, see constantly soaring labor costs. The automation represented by the robot is becoming one of key directions for future upgrading of the container industry.

2) Pressure of environmental protection: China has entered a stage of economic restructuring and social transformation and it will continue to implement the strategy of sustainable development. Since 2013, environmental protection, especially the treatment of air pollution, has become one of the top priorities of governments at all levels in China. China's traditional manufacturing industries, including the container industry, are facing increasing pressure of environmental protection. This is also one of key directions for future upgrading of the container industry.

(4) Technical Risks and Challenges

As a traditional industry, pushed by external pressure and internal demand, the container industry is facing major challenges in upgrading of equipment technology, process technology, and product technology, especially the engineering technology upgrading represented by the automation and streamlining as well as the product technology upgrading represented by green, environmental protection and energy conservation. But due to dissatisfactory legal environment for intellectual property protection in China, the Group will still face serious challenges in intellectual property protection in future.

V. OTHER MATTERS REPORTED BY THE BOARD OF DIRECTORS

1. Last Five-Years Financial Summary

For the summary of the results and of the assets and liabilities of the Group for the last five financial years, please refer to the sub-section headed "Key Accounting Data and Financial Indicators in the Last Five Years" under the section headed "Chapter 2: Summary of Accounting Data and Financial Indicators" in this annual report.

2. Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Company and the Group as at 31 December 2013 are set out in notes V.23, V.34, V.35, V.36 and V.37 to the financial statements prepared in accordance with CAS in this annual report.

3. Interest Capitalisation

Interest capitalised by the Group for the year of 2013 was RMB339.469 million.

4. Fixed Assets

Changes to the fixed assets of the Company and the Group during the year are summarised in note V.14 to the financial statements prepared in accordance with CAS in this annual report.

5. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for the year ended 31 December 2013 was RMB140.368 million.

6. Reserves

Details of changes to the reserves of the Group for the year ended 31 December 2013 are set out in notes V.42, V.43 and V.44 to the financial statements prepared in accordance with CAS in this annual report.

7. Distributable Reserves

Details of distributable reserves of the Group for the year ended 31 December 2013 are set out in notes V.43 and V.44 to the financial statements prepared in accordance with CAS in the annual report.

8. Management Contract

During the year, the Company did not enter into any management contracts concerning the management or administration of its overall business or any of its material business, nor did any such management contract exist.

9. Major Suppliers and Customers

The aggregate purchase attributable to the five largest suppliers of the Group was less than 30% of the Group's total purchase in 2013.

The aggregate revenue derived from the major customers is set out in note V.45 (5) to the financial statements prepared in accordance with CAS in this annual report. The aggregate revenue derived from the five largest customers was less than 30% of the Group's total sales.

Save as disclosed above, none of the Directors, Supervisors and their associates or any shareholder (who to the knowledge of the Directors were holding 5% or more of the Company's share capital) had any interest in any of the above-mentioned suppliers and customers.

10. Repurchase, Sale or Redemption of Securities

The Group did not sell any other securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the twelve months ended 31 December 2013.

11. Trust Deposits and Irrecoverable Overdue Time Deposits

As at 31 December 2013, the Company did not have any trust deposits or irrecoverable overdue time deposits.

12. Share Option Incentive Scheme

The implementation of share option scheme is helpful 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 long-term goal and short-term goal 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 scheme of the Company and its subsidiaries, please refer to Section 4: Implementation of the Company's Share Option Scheme and its Impacts" under Chapter 7: Significant Events in this annual report.

13. 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.

14. Issue of debenture

Please refer to note V.37 of the consolidated financial statements of this annual report which is prepared according to CAS for details of the issuance of medium-term notes and convertible bonds by the Company.

15. Donation

In 2013, the Company has made a total donation of RMB941,000.

Chapter 5
Management Discussion and Analysis

The following contents are prepared in accordance with the relevant provisions of the "Hong Kong Listing Rules". The following discussion and analysis shall be read together with the audited financial statements and notes thereto prepared in accordance with the Accounting Standards for Business Enterprises set out in other chapters.

1. CONSOLIDATED OPERATING RESULTS

Unit: RMB'000

	2013	2012	Percentage Change (%)
Revenue	57,874,411	54,334,057	6.52%
Operating profit	3,370,835	2,639,441	27.71%
Net profit attributable to equity holders of the Company	2,180,321	1,939,081	12.44%
Net cash inflow from operating activities	2,749,926	2,242,919	22.60%
Net change in cash and cash equivalents	(216,016)	(2,165,741)	(90.03%)

During the Reporting Period, the Company recorded a revenue of RMB57,874 million, representing an increase of 6.52% compared with the same period in 2012, the operating profit of RMB3,371 million, and net profit attributable to shareholders of the parent company amounted to RMB2,180 million, representing an increase of 27.71% and 12.44% respectively compared with the same period in 2012. Net cash generated from operating activities amounted to RMB2.750 million, representing an increase of 22.60% compared with the same period in 2012. Net change in cash and cash equivalents amounted to RMB(216) million, representing a significant improvement when compared with RMB(2,166) million in the same period in 2012.

2. ANALYSIS OF REVENUE BY SEGMENT AND REGION

The following table lists the revenue of major segments of the Group and the percentage in the total revenue during the following period:

Unit: RMB'000

Sector	2013 Revenue	2013 Percentage in the total revenue (%)	2012 Revenue	2012 Percentage in the total revenue (%)
Container	21,307,283	36.82%	24,840,079	45.72%
Road transportation vehicles	13,334,698	23.04%	14,130,480	26.01%
Energy, chemical, liquid food equipment	11,579,974	20.01%	9,633,707	17.73%
Offshore engineering	6,982,317	12.06%	1,829,410	3.37%
Airport equipment	887,749	1.53%	757,001	1.39%
Logistics services and equipment	6,215,849	10.74%	2,059,877	3.79%
Others	2,421,429	4.18%	2,108,573	3.88%
Combined offset	(4,854,888)	(8.38%)	(1,025,070)	(1.89%)
Total	57,874,411	100.00%	54,334,057	100.00%

The following table lists the revenue generated from different regions and the percentage in the total revenue during the following period:

Unit: RMB'000

Region	2013 Revenue	2013 Percentage in the total revenue (%)	2012 Revenue	2012 Percentage in the total revenue (%)
Mainland Chinese	20,718,567	35.80%	23,202,710	42.70%
America	11,247,084	19.43%	13,651,754	25.13%
Europe	13,954,472	24.12%	11,266,791	20.74%
Asia (excluding China)	8,718,240	15.06%	3,661,789	6.74%
Others	3,236,048	5.59%	2,551,013	4.69%
Total	57,874,411	100.00%	54,334,057	100.00%

Revenue of the Group in 2013 amounted to RMB57,874 million, representing an increase of 6.52% compared with the same period last year. From the prospective of operating results by segment, revenues of containers and road transportation vehicle business declined by 14.22% and 5.63% respectively compared with the same period last year. Revenue from energy, chemical, liquid food and equipment, offshore engineering and airport equipment business soared significantly by 20.20%, 281.67% and 17.27% respectively compared with the same period last year. Revenue of logistics service and equipment business also saw expansion accordingly due to inclusion of Zhenhua Group into the consolidated statements in 2013. By region, revenue from mainland China and America fell slightly while increased significant from Europe and Asia (excluding China). For detailed analysis, please refer to "2. Review of the Group's Principal Business during the Reporting Period" of "Directors' Report" in this report.

3. OPERATING COSTS AND GROSS MARGIN

The following table lists the cost of sales of major segments of the Group and the percentage in the total cost of sales during the following period:

Unit: RMB'000

Sector	2013 Cost of sales	2013 Percentage in the total cost of sales (%)	2012 Cost of sales	2012 Percentage in the total Cost of sales (%)
Container	18,272,449	37.88%	20,657,972	46.32%
Road transportation vehicles	11,301,512	23.43%	12,251,132	27.47%
Energy, chemical, liquid food equipment	9,202,545	19.08%	7,731,425	17.33%
Offshore engineering	6,874,211	14.25%	1,713,647	3.84%
Airport equipment	609,412	1.26%	523,053	1.17%
Logistics services and equipment	5,417,054	11.23%	1,651,231	3.70%
Others	1,294,688	2.68%	1,097,867	2.46%
Combined offset	(4,729,511)	(9.81%)	(1,025,070)	(2.29%)
Total	48,242,360	100.00%	44,601,257	100.00%

The following table lists the gross profit and gross margin of major segments of the Group during the following period:

Unit: RMB'000

Sector	2013 Gross profit	2013 Gross margin (%)	2012 Gross profit	2012 Gross margin (%)
Container	3,034,834	14.24%	4,182,107	16.84%
Road transportation vehicles	2,033,186	15.25%	1,879,348	13.30%
Energy, chemical, liquid food equipment	2,377,429	20.53%	1,902,282	19.75%
Offshore engineering	108,106	1.55%	115,763	6.33%
Airport equipment	278,337	31.35%	233,948	30.90%
Logistics services and equipment	798,795	12.85%	408,646	19.84%
Others	1,126,741	46.53%	1,010,706	47.93%
Combined offset	(125,377)	–	–	–
Total	9,632,051	16.64%	9,732,800	17.91%

In 2013, the Group's cost of sales amounted to RMB48,242 million, up about 8.16% from a year earlier. The overall gross margin was 16.64%, down 1.27ppts from a year earlier, mainly due to decline in gross profit of container business, offshore engineering and logistics services and equipment business. Gross margin of sub-sectors of the road transportation vehicles, energy, chemical and liquid food equipment and airport equipment business mounted compared with the same period last year. For detailed analysis, please refer to "II. Review of the Group's Principal Business during the Reporting Period" of "Directors' Report" in this report.

4. NON-OPERATING INCOME

The Group's non-operating income in 2013 amounted to RMB274.223 million, a decrease of 23.90% compared with RMB360.365 million in 2012, mainly due to proceeds from disposal of large amount of intangible assets during the same period in 2012.

5. RESEARCH AND DEVELOPMENT COSTS

The Group's research and development costs in 2013 amounted to RMB501.949 million, an increase of 40.36% compared with RMB357.628 million in 2012, mainly due to an increase in R&D investment.

6. SALES AND DISTRIBUTION COSTS

The Group's sales and distribution costs in 2013 amounted to RMB1,832.733 million, an increase of 3.80% compared with RMB1,765.697 million in 2012, mainly due to increasing selling expenses resulting from sales revenue compared with the same period last year.

7. ADMINISTRATIVE EXPENSES

The Group's administrative expenses in 2013 amounted to RMB4,041.552 million, an increase of 8.62% compared with RMB3,720.704 million in 2012, mainly due to changes in the consolidation of financial statements and an increase in technology development expenses.





8. FINANCIAL EXPENSES

The Group's financial expenses in 2013 amounted to RMB438.992 million, a decrease of 16.31% compared with RMB524.557 million in 2012, mainly due to a decrease in interest expenditure included in profit or loss resulting from more interest expenditure recorded in capitalization compared with the same period last year.

9. TAXATION

The Group's tax in 2013 amounted to RMB928.222 million, a decrease of 4.99% compared with RMB976.950 million in 2012, mainly due to a decrease in the current income tax calculated in accordance with the tax law and relevant regulations compared with the same period last year.

10. PROFIT ATTRIBUTABLE TO MINORITY SHAREHOLDERS

The Group's profit attributable to minority shareholders in 2013 amounted to RMB454.177 million, compared with RMB(8.651) million in 2012, mainly due to changes in earnings of subsidiaries of minority shareholders.

11. LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2013, the Group's cash and cash equivalent amounted to RMB4,771.047 million (2012: RMB5,221.539 million). The Group has always maintained sufficient cash on hand to repay the bank loans due, and will concurrently continue to remain prudent in managing its future development and capital expenditure.

As at 31 December 2013, the Group's bank loans, overdrafts and debentures payable amounted to RMB25,787.466 million (RMB20,799.527 million as of 31 December 2012). In 2013, the Group had appropriated bank loans of RMB19,443.628 million (2012: RMB15,627.848 million) and made repayment of bank loans amounting to RMB16,533.299 million (2012: RMB18,384.272 million).

12. CASH FLOW DATA

The following table lists the net cash flow of the Group during the following period:

Unit: RMB'000

	2013	2012
Net cash flows from operating activities	2,749,926	2,242,919
Net cash flows from investing activities	(6,504,459)	(1,559,348)
Net cash flows from/from financing activities	3,632,937	(2,889,667)
Impact of changes in exchange rate on cash and cash equivalents	(94,420)	40,355
Net change in cash and cash equivalents	(216,016)	(2,165,741)
Balance of cash and cash equivalents at the beginning of the year	4,397,512	6,563,253
Balance of cash and cash equivalents at the end of the year	4,181,496	4,397,512

(1) Operating activities

The Group's net cash flows from operating activities amounted to RMB2,242.919 million in 2012 and RMB2,749.926 million in 2013, respectively, not a significant change.

(2) Investing activities

The Group's net cash flows from investing activities amounted to RMB(1,559.348) million in 2012 and RMB(6,504.459) million in 2013, respectively, mainly due to a sharp increase in cash paid for vessels under construction compared with a year ago, in addition to acquisition and construction of fixed assets, intangible assets and other long-term assets.

(3) Financing activities

The Group's net cash flows from financing activities amounted to RMB(2,889.667) million in 2012 and RMB3,632.937 million in 2013, respectively, mainly due to business expansion compared with a year ago.

13. CAPITAL STRUCTURE, GEARING RATIO AND DESCRIPTION OF CALCULATION BASIS THEREOF

The Company's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2013, the equity interests attributable to shareholders amounted to RMB24,496.128 million, of which the minority interests amounted to RMB3,822.091 million, and the total liabilities amounted to RMB48,109.844 million. The total assets amounted to RMB72,605.972 million.

The gearing ratios were calculated based on our total debts as at the respective dates divided by our total assets. Our gearing ratios as at 31 December 2012 and 2013 were 64.89% and 66.26%, respectively, mainly due to an increase in the current total liabilities compared with the same period last year.

14. ASSETS AND LIABILITIES

For the Group's assets and liabilities as at 31 December 2013, please refer to "7 Analysis of assets and liabilities" of "Section III: Financial Discussion and Analysis Compiled According to the Requirements of Domestic Securities Regulatory Authorities" under "Chapter 4 Directors' Report" herein.

15. CAPITAL COMMITMENTS

As at 31 December 2013, the Group had contracted capital commitments of approximately RMB4,096.918 million (RMB2,263.576 million as at 31 December 2012), which was mainly used for construction of vessels for sale or rental, purchase of fixed assets and and foreign investment. The above capital commitment has been included in the 2013 capital expenditure budget.

16. SUBSIDIARIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES OF THE GROUP

For the subsidiaries, jointly controlled companies and associated companies of the Group as at 31 December 2013, please refer to note IV. 1 and V. 12 to the financial statements prepared in accordance with CAS in this report.

17. PLEDGE OF ASSETS

For the details of the pledge of assets of the Group, please refer to note V. 22 to the financial statements prepared in accordance with CAS in this report.

18. SIGNIFICANT INVESTMENTS

For the Group's significant investments as at 31 December 2013, please refer to "9. Analysis of Investments" of "Section III: Financial Discussion and Analysis Compiled According to the Requirements of Domestic Securities Regulatory Authorities" under "Chapter 4 Directors' Report" herein.

19. FOREIGN EXCHANGE RATE RISK

The majority of the Group's revenue is denominated in U.S. dollars, while most of its expenditure is made in Renminbi. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. The exchange rates of Renminbi are affected by domestic and international economic and political changes, and demand and supply for Renminbi. Future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, which in turn would affect the operating results and financial position of the Group.

20. FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Currently, the Group's operating and capital expenditures 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. The Group will consider various types of financing activities, to meet future capital expenditure and working capital requirement.

21. CONTINGENT LIABILITIES

For the liabilities of the Group as at 31 December 2013, please refer to note VIII. 1 to the financial statements prepared in accordance with CAS in this report.

22. GROUP INSURANCE

The Group carries limited insurance coverage for vehicles and certain assets subject to significant operating risks, in addition to third-party liability insurance against claims relating to personal injury, property and environmental damages arising from accidents and employer's liability insurance. The effect of non-coverage on future incidents on the Company's liability cannot be reasonably assessed at present.

23. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, there were approximately 57,686 employees of the Group. The total staff cost of the Group, including Directors' remuneration, contribution to the retirement benefit schemes and the costs of share option incentive schemes amounted to approximately RMB5,417.434 million.

The Group provided salary and bonus payment to its employees based on performance, qualification, experience and market conditions. The share option incentive scheme is used to recognise and award the contribution and long-term service of the Directors and core employees. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China.

The Group regularly reviews its remuneration policies, including Directors' remuneration, and strives to design an improved incentive and assessment mechanism based on operating results of the Group and market conditions.

24. PENSION BENEFITS

Pursuant to the relevant laws and regulations of the PRC, the Group has provided the basic pension insurance for the employees arranged by local labour and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to current profit or loss on an accrual basis. When employees retire, the local labour and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees.

For details of pension benefits, please refer to note II. 24 and V. 28 to the financial statements prepared in accordance with CAS in this annual report.

25. MARKET RISKS

For details of the Group's market risks, please refer to "5. Risk Factors for our Future Development" of "IV. Development Prospects of the Company in 2014" of Chapter 4 Directors' Report" in this report.


PIONEER

Chapter 6
Report of the Supervisory Committee

Dear Shareholders,

During the year of 2013, the Supervisory Committee of the Company has performed and discharged its duties and responsibilities conscientiously in accordance with the relevant provisions of the PRC Companies Law and the Articles of Association.

1. MEETINGS OF THE SUPERVISORY COMMITTEE

Meeting	Time of the meeting	Resolutions
The 1st meeting of the 6th session, 2013	21 March 2013	1. Resolution on the 1st meeting for 2013 2. Review opinion on CIMC Internal Control Self-assessment Report for 2012 3. Review opinion on confirmation of daily connected transactions in 2012 and the request for approval of the general meeting on continuing connected transactions with COSCO Pacific Limited and the newly-revised annual transaction cap
The 2nd meeting of the 6th session, 2013	23 April 2013	Resolution on the 2nd meeting for 2013
The 3rd meeting of the 6th session, 2013	26 April 2013	Review opinion on the 1st quarter report for 2013
The 1st meeting of the 7th session, 2013	28 June 2013	Resolution on the 1st meeting for 2013
The 2nd meeting of the 7th session, 2013	9 August 2013	Resolution on the by-election of Mr. He Jiale as candidate on behalf of the shareholders of the 7th Supervisory Committee
The 3rd meeting of the 7th session, 2013	27 August 2013	Review opinion on the interim report for 2013
The 4th meeting of the 7th session, 2013	14 October 2013	Resolution on the election of Chairman of the Supervisory Committee
The 5th meeting of the 7th session, 2013	29 October 2013	Review opinion on the 3rd quarter report for 2013
The 6th meeting of the 7th session, 2013	23 December 2013	Opinion on verifying the list of incentive target of share options of A shares granted on 28 September 2010

2. SUPERVISORY COMMITTEE'S PRESENCE ON OTHER MEETINGS AND PERFORMANCE OF OTHER OBLIGATIONS

All members of the Supervisory Committee have attended the regular meetings convened by the Board of Directors.

3. OTHER MATTERS REVIEWED OR CONCERNED BY THE SUPERVISORY COMMITTEE

(1) Opinion of the Supervisory Committee on the lawful operation of the Company

The Supervisory Committee of the Company conscientiously performs its duties in accordance with the applicable provisions of the PRC Companies Law and the Articles of Association. During the year, the members of the Supervisory Committee attended all board meetings. They conducted supervision on the procedures for convening the Board meetings, the decision-making and the actual implementation of the resolutions passed at the shareholders' meeting by the Board of Directors as well as the decision-making process and business operation process of the Company in accordance with the applicable laws and regulations. The Supervisory

Committee considered that, during the year, the Company has made all decisions in accordance with legitimate procedures and its internal control system is sound. They are of the view that none of the Directors, President and senior management of the Company violated the Company's Articles of Association or were detrimental to the interests of the Company during their usual course of work, nor have they abused their powers to damage the interests of shareholders and employees.

(2) Opinion of the Supervisory Committee on inspection of the financial status of the Company

During the year, the Supervisory Committee has examined the Company's business and financial situation, audited the annual report and interim report, quarterly reports and other documents submitted by the Board of Directors. The Supervisory Committee is of the view that these financial statements truly and fairly represent the Company's financial position and operational results.

(3) Opinion of the Supervisory Committee on the actual use of proceeds from the latest fund raising exercise

During the Reporting Period, no proceeds raised by the Company were applied.

(4) Opinion of the Supervisory Committee on the acquisition and disposal of assets by the Company

During the Reporting Period, acquisition and disposal of assets of the Company were carried out at reasonable considerations, and no insider dealing was discovered. No prejudice to shareholders' rights, dissipation of the Company's assets or prejudice to the Company was discovered.

(5) Opinion of the Supervisory Committee on connected transactions of the Company

During the Reporting Period, the continuing connected transactions of the Company were carried out with the approval of the general meeting of the Shareholders. Connected transactions were carried out at reasonable and fair considerations, and no prejudice to the non-connected shareholders or the Company was discovered.

(6) Opinion of the Supervisory Committee on the operation of the internal control system of the Company and on the self-assessment report on the internal control of the Company.

Having conducted an adequate verification of the Company's internal control pursuant to the basic regulations governing corporate internal control and the auxiliary guidelines on corporate internal control as well as the requirements of the Internal Control Guidelines for Companies Listed on the SZSE, the Supervisory Committee is of the view that after substantial review on the Company's internal control systems: the Company's existing internal control system complies with the requirements of the applicable laws, regulations and rules and can satisfy all the requirements of effective risk control in all material aspects; Self-Assessment Report on internal Control of CIMC for 2013 objectively and truly represents how the Company's internal control system was established, operated, examined and supervised.

By Order of the Supervisory Committee
He Jiale
Chairman of the Supervisory Committee

Shenzhen, the PRC
25 March 2014

Chapter 7 Significant Events

I. MATERIAL LITIGATION AND ARBITRATION EVENTS

General information of the litigation (arbitration)	Amount involved (RMB'000)	Lead to estimated liabilities or not	Litigation (arbitration) progress	Trial result and impact of the litigation (arbitration)	Implementation of the judgement of the litigation (arbitration)	Disclosure date	Disclosure index
The semi-submersible drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively. CIMC Raffles and its subsidiaries also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms.	1,300,000	No	The semi-submersible drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively, but the sales of US$142,300,000 did not be received; Meanwhile, CIMC Raffles also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms, and the advances of US$66,130,000 did not be received yet. Since Schahin Holdings SA and its six connected parties did not pay the above amount in accordance with relevant contracts, CIMC Raffles and its subsidiaries lodged a law suit and arbitration application for the sales and the advances against Schahin Holdings SA and its six connected parties in December 2011 and May 2012, respectively. The decision on arbitration for the advances was made in December 2012, and CIMC Raffles received the advances of US$74,270,000 (including the principal of US$66,130,000 and the interest of US$8,140,000) for the period from September to October 2013, which settled the debt of advances; in October 2013, CIMC Raffles received the sales mentioned above of US$21,060,000 (including the principal of US$15,980,000 and the interest of US$5,080,000) according to the pre-decision of the arbitration for the sales; in December 2013, the London High Court made a prejudgment on the law suit for the sales that CIMC Raffles win the law suit and shall be paid US$67,320,000 (including the principal of US$53,350,000 and the interest of US$13,970,000), and the London prejudgment is being performed. As at 31 December 2013, all the advances have been received and the sales of US$126,320,000 (equivalent to approximately RMB0.77 billion) have not been received yet.	As of the date of the approval of the financial statement, the above law suit and arbitration for the sales have not come to an end yet, and the defendant has counterclaimed. Based on the current progress of the legal proceedings and the professional advice of our lawyers, the Management of the Company was in an optimistic view regarding the litigation results. In the course of the proceedings, the Company will take positive legal measures to ensure that shareholders' interests are not compromised.	Not yet settled	5 November 2013	http://www.cninfo.com.cn/finalpage/2013-11-05/63237032.PDF

Save as disclosed above, the Company was not involved in any material litigation or arbitration during the Reporting Period which could be expected to have a material adverse effect on our business, financial condition and results of operations.

II. MATTERS QUESTIONED BY THE MEDIA

The Company was not involved in any matter which was broadly questioned by the media during the Reporting Period.

III. DURING THE REPORTING PERIOD, ASSET TRANSACTIONS OF THE GROUP

BUSINESS MERGERS

Please refer to Note IV.4 and IV.6 "The important business mergers involving enterprises not under common control occurred of the Group during the current period" to the financial statement prepared in accordance with the Accounting Standards for Business Enterprises of PRC in this year's annual report.

The above transactions did not affect the continuity of the Group's business and the stability of its management. They are beneficial for the future financial position and operating results of the Group on a continuing basis.

IV. DURING THE REPORTING PERIOD, IMPLEMENTATION AND EFFECT OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME

1. Share option incentive scheme of the Company

In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the shareholders, the interests of the Company and the personal interests of individuals, a "Share Option Incentive" (the "Share Option", launched in two tranches) was considered and approved at the Extraordinary General Meeting of the Company on 17 September 2010. According to such plan, the first tranche of 54,000,000 share options were registered on 26 January 2011 and the reservation of 6,000,000 share options (the second tranche) were registered on 17 November 2011. Upon the consideration and approval at the 11th meeting of the 7th Board of Directors in 2013, the first exercisable period for the first tranche of share options have met the exercise conditions and was exercisable starting from 14 January 2014. Please refer to the relevant announcements released on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as the reports of the Company.

Movements of the share options, which have been granted under the Scheme mentioned above, in the year as at 31 December 2013 are set out as below:

	Date of Grant	Number of underlying shares comprised in share options Balance as at 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2013	Exercise price per share (RMB)	Exercise period
Director Mai Boliang	2010.9.28	3,800,000	950,000	0	0	0	3,800,000	11.35	25% of the granted options 2012.9.28-2014.9.27; 75% of the granted options 2014.9.28-2020.9.27
Other Senior Management (Total)	2010.9.28	10,000,000	2,500,000	0	0	0	10,000,000	11.35	25% of the granted options 2012.9.28-2014.9.27; 75% of the granted options 2014.9.28-2020.9.27
Other employees	2010.9.28	40,200,000	10,050,000	0	382,500	0	39,817,500	11.35	25% of the granted options 2012.9.28-2014.9.27; 75% of the granted options 2014.9.28-2020.9.27
	2011.9.22	6,000,000	0	0	0	0	6,000,000	16.88	25% of the granted options 2013.9.22-2015.9.21; 75% of the granted options 2015.9.22-2020.9.27
Total	–	60,000,000	13,500,000	0	382,500	0	59,617,500	–	–

As of 31 December 2013, no option was exercised for the first tranche of share options, representing 0.00% of the total amount of share option scheme.

2. Share option incentive scheme of the subsidiary CIMC Enric

CIMC Enric, a subsidiary of the Company, had adopted a share option plan according to the ordinary resolution passed at its extraordinary general meeting held on 12 July 2006. The plan aimed to reward and give benefit to employees, directors and other eligible persons of CIMC Enric for their contributions to CIMC Enric. On 11 November 2009, CIMC Enric granted share options to several eligible persons according to the plan, in order to subscribe totally 43,750,000 ordinary shares with par value of HK$0.01 per share in the share capital of CIMC Enric ("2009 Enric Share Options"). In addition, CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the plan, in order to subscribe totally 38,200,000 ordinary shares with par value of HK$0.01 per share in the share capital of CIMC Enric ("2011 Enric Share Options"). Please refer to the related announcement of CIMC Enric published on Hong Kong Stock Exchange website, the relevant announcements released on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as the regular reports of the Company.

As at 31 December 2013, 3,350,000 share options of the 2009 Enric Share Options and 2,350,000 share options of the 2011 Enric Share Options were lapsed respectively.

The table below sets out the changes in the share options granted under the share option incentive plan of CIMC Enric in the year as at 31 December 2013:

		Number of underlying shares comprised in share options							
	Date of grant	Balance as at 1 January 2013	Granted within the year	Exercised within the year	Transferred to/from other categories within the year	Lapsed during the year	Balance as at 31 December 2013	Exercise price per share	Exercise period
Directors of CIMC Enric									
Zhao Qingsheng	2009.11.11	1,000,000	0	0	0	0	1,000,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	450,000	0	0	0	0	450,000	HK$2.48	2013.10.28-2021.10.27
Gao Xiang	2009.11.11	1,000,000	0	0	0	0	1,000,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	500,000	0	0	0	0	500,000	HK$2.48	2013.10.28-2021.10.27
Jin Jianlong	2009.11.11	800,000	0	0	0	0	800,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Yu Yuqun	2009.11.11	800,000	0	(102,000)	0	0	698,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Jin Yongsheng	2009.11.11	500,000	0	0	0	0	500,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Mr. Van der Burg	2009.11.11	1,000,000	0	(1,000,000)	0	0	0	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	400,000	0	0	(400,000)	0	0	HK$2.48	2013.10.28-2021.10.27
Wong Chun Ho	2009.11.11	500,000	0	0	0	0	500,000	HK$4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Tsui Kei Pang	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Zhang Xueqian	2011.10.28	300,000	0	0	0	0	300,000	HK$2.48	2013.10.28-2021.10.27
Employees of	2009.11.11	19,000,000	0	(7,054,000)	0	0	11,946,000	HK$4.00	2010.11.11-2019.11.10
CIMC Enric	2011.10.28	30,350,000	0	(2,510,000)	400,000	(1,070,000)	27,170,000	HK$2.48	2013.10.28-2021.10.27
Other	2009.11.11	10,026,000	0	(896,000)	0	0	9,130,000	HK$4.00	2010.11.11-2019.11.10
participants	2011.10.28	3,420,000	0	(276,000)	0	0	3,144,000	HK$2.48	2013.10.28-2021.10.27
Total	–	71,546,000	0	(11,838,000)	0	(1,070,000)	58,638,000	–	–

Note: Mr. Van der Burg has left office on 16 July 2013.

3. Implementation of equity trust scheme of CIMC Vehicle:

An equity trust scheme of CIMC Vehicle was considered and approved at the general meeting of the Company on 17 October 2007 for implementation (the "CIMC Vehicle Equity Trust Scheme"). Pursuant to the scheme, the senior management related to the vehicle business of the Company and the key employees of the Company's subsidiary CIMC Vehicle (the "CIMC Vehicle Scheme Participants") held 20% equity interests in CIMC Vehicle by capital increase of RMB220.7 million through China Resources SZITIC Trust Co., Ltd. (Please refer to the relevant announcements published on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as the regular reports of the Company.

As of 31 December 2013, the aforesaid Trust Scheme had allocated 214.115 million share options, representing 97.02% of the total trust scheme.

V. MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

(I) Connected transactions as defined by Chinese laws and regulations:

1. Connected transactions related to daily operations

The related parties	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle	Price	Amount (RMB'000)	% of the total amount of similar transactions	Settlement method	Available market price of similar transactions	Disclosure date	Disclosure index
Ruiji Logistics (Wuhu) Co., Ltd.	Associated company	Commodity Purchasing	Commodity Purchasing	Based on normal commercial terms	–	59,735	0.05%	–	–	–	–
Shaanxi Heavy Duty Automobile Co. Ltd.	Minority shareholder of subsidiary	Commodity Purchasing	Commodity Purchasing	Based on normal commercial terms	–	59,140	0.05%	–	–	–	–
TSC Offshore Group Limited	Associated company	Commodity Purchasing	Commodity Purchasing	Based on normal commercial terms	–	53,902	0.04%	–	–	–	–
Sumitomo Corporation	Minority shareholder of subsidiary	Commodity Purchasing	Commodity Purchasing	Based on normal commercial terms	–	22,626	0.02%	–	–	–	–
Other related parties	–	Commodity Purchasing	Commodity Purchasing	Based on normal commercial terms	–	14,321	0.00%	–	–	–	–
Subtotal	–	–	–	–	–	209,724	0.16%	–	–	–	–

The related parties	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle	Price	Amount (RMB'000)	% of the total amount of similar transactions	Settlement method	Available market price of similar transactions	Disclosure date	Disclosure index
Shaanxi Heavy Duty Automobile Co. Ltd.	Minority shareholder of subsidiary	Commodity sales	Commodity sales	Based on normal commercial terms	–	589,840	1.04%	–	–	–	–
Florens Maritime Limited	Subsidiary of major shareholder	Commodity sales	Commodity sales	Based on normal commercial terms	–	456,059	0.80%	–	–	–	–
Florens Container Corporation S.A.	Subsidiary of major shareholder	Commodity sales	Commodity sales	Based on normal commercial terms	–	431,671	0.76%	–	–	–	–
Sumitomo Corporation	Minority shareholder of subsidiary	Commodity sales	Commodity sales	Based on normal commercial terms	–	186,072	0.33%	–	–	–	–
COSCO Container Industries Limited	Major shareholder of the Company	Commodity sales	Commodity sales	Based on normal commercial terms	–	91,662	0.16%	–	–	–	–
C&C Truck Co. Ltd.	Associated company	Commodity sales	Commodity sales	Based on normal commercial terms	–	91,032	0.16%	–	–	–	–
Florens Container Services Ltd.	Subsidiary of major shareholder	Commodity sales	Commodity sales	Based on normal commercial terms	–	59,770	0.11%	–	–	–	–
Guangxi South CIMC Logistics Equipment Co. Ltd.	Associated company	Commodity sales	Commodity sales	Based on normal commercial terms	–	35,963	0.06%	–	–	–	–
NYK Line Zhenhua Logistics (Tianjin) Co. Ltd.	Joint-venture	Commodity sales	Commodity sales	Based on normal commercial terms	–	17,451	0.03%	–	–	–	–
Other related parties	–	Commodity sales	Commodity sales	Based on normal commercial terms	–	7,135	0.01%	–	–	–	–
Total	–	–	–	–	–	1,966,655	3.46%	–	–	–	–

Details of substantial sales return	Nil
Necessity and continuity of the connected transactions, the reasons for selecting the related parties (rather than other market counterparties) to transaction	The above continuing connected transactions are routine in the Company's normal business operations. They will continuously be governed by the principles of fairness and agreements that are fair and reasonable to the Company. In view of the Company's long-term relationship with COSCO Pacific Ltd., directors believe that these transactions could promote and will continue to promote the Group's operations and the growth in container business.
Whether connected transactions will affect the independence of the Company	Do not affect the independence of the Company

2. Credit and debt among the connected transactions (as defined by Chinese laws and regulations)

Related parties	Relationship with the Group	Type of claims and liabilities	Reason	Any appropriation of funds for non-operating purposes	Opening balance (RMB'000)	Amount incurred during Reporting Period (RMB'000)	Closing Balance (RMB'000)
Gasfin Investment S.A	Minority shareholder of subsidiary	Due to related party	Proportionate shareholder loan	No	45,660	(2,732)	42,928
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	Due to related party	Proportionate shareholder loan	No	–	164,634	164,634
Quercus Limited	Minority shareholder of subsidiary	Due to related party	Proportionate shareholder loan	No	–	48,488	48,488
Shiny Labumum Limited	Minority shareholder of subsidiary	Due to related party	Proportionate shareholder loan	No	–	293	293
Shanghai Fengyang	Associate of the Group	Due from related party	Proportionate shareholder loan	No	177,482	(143,278)	34,204
New Atlantic Timber (HK) Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	3,953	(120)	3,833
Marine Subsea & Consafe	Associate of the Group	Due from related party	Shareholder loan	No	287,505	(8,594)	278,911
C&C Truck Co. Ltd.	Associate of the Group	Due from related party	shareholder loan	No	17,000	615,732	632,732
Nantong New Atlantic Forest Industry Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	–	39,434	39,434
Guangzhou KYH Metal Co.,Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	–	9,997	9,997
Pteris Global Ltd	Associate of the Group	Due from related party	Proportionate shareholder loan	No	–	5,785	5,785
Frigstad Deepwater Holding	Associate of the Group	Due from related party	Proportionate shareholder loan	No	–	155,901	155,901

3. **Other material connected transactions (as defined by Chinese laws and regulations)**

During the Reporting Period, the Group did not have any other material connected transactions.

(II). Connected transactions defined in accordance with the Hong Kong Listing Rules:

The following connected transactions should be disclosed in this annual report pursuant to Rule 14A. of the Hong Kong Listing Rules.

1. **One-off connected transaction**

On 23 December, 2013, the Company entered into Subscription Agreements with COSCO Container Industries Limited ("COSCO Container"), pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 65,099,638 new H Shares to COSCO Container at the Subscription Price of HK$13.48 per H Share and COSCO Container has conditionally agreed to subscribe for such new H Shares with cash consideration of HK$877,540,000 in accordance with the subscription agreement.

COSCO Container is a substantial shareholder of the Company, thus it is our connected person pursuant to Rule 14A.11 (1) of the Hong Kong Listing Rules. For details of the above connected transactions, please refer to the Company's announcements published on 24 December 2013 and the circular released on 21 January 2014.

As of the Reporting Period, the above subscription agreement has not been completed.

2. **Continuing connected transaction between the Group and COSCO Pacific Limited ("COSCO Pacific") and COSCO Container Lines**

On 21 March 2013, the Group and COSCO Pacific entered into a framework agreement of commodity sales("Framework Agreement"), pursuant to which the Group would provide commodities such as containers to COSCO Pacific and its subsidiaries. On 28 June 2013, the agreement was approved by the general meeting in 2012 and became effective and will expire on 31 December 2014.

- **Principal terms of the Framework Agreement are as follows:**

  Pricing principles: The following general pricing principles apply to the determination of service charges payable under the Framework Agreement:

  (a) The bidding pricing where the bidding process is required;

  (b) Government-prescribed price;

  (c) Where there is no government-prescribed price, then the government-guidance price;

  (d) Where there is neither government-prescribed price nor government-guidance price, then the market price; or

  (e) Where none of the above prices is applicable or where it is not practicable to apply the above pricing policies, then according to the price to be agreed following arm's length negotiation between the parties.

  Termination: During the term of the Framework Agreement, each of the parties can serve not less than three months prior written notice to the other party to terminate any specific agreement under the Framework Agreement and the Framework Agreement itself.

- **Total trading amount in 2013:**

  The annual trading cap for the year ended 31 December 2013 was RMB1.8 billion, while the actual total transactions during the Reporting Period was RMB1,039.162 million.

- **Description of the Connected Relationship between the parties to the Transactions:**

  At the time when the Framework Agreement was signed, COSCO Pacific is the holding company of COSCO Container Lines, a substantial shareholder of the Company. According to Rule 14A.11 of the Hong Kong Listing Rules, COSCO Pacific and its subsidiaries are our connected parties. After that, COSCO Pacific transferred its interests in COSCO Container Lines to Long Honour Investments Limited. COSCO Pacific is a company 30% controlled (severally or jointly) by China Ocean Shipping (Group) Company ("COSCO"), a substantial shareholder of the Company, and its group companies. COSCO Pacific is an associate of COSCO pursuant to Rules 19A.04(b)(i) and (iv) of the Listing Rules. COSCO Pacific and each of its subsidiaries are our connected persons pursuant to Rule 14A.11 of the Listing Rules. As such, the Framework Agreement constitutes a continuing connected transaction of the Company as defined in Rule 14A.14 of the Listing Rules. For details of the above transactions, please refer to the Company's circular released on 24 April 2013 and announcement published on 21 May 2013.

- **Purpose of the Transaction:**

  The continuing connected transaction mentioned above is conducted in the daily and general business process of the Company. The transaction will continue to comply with the equity principle and fair and reasonable provisions and agreements in terms of the Company. Given the long-term relationship between the Company and COSCO Pacific, the Directors believed that the transaction will enable to promote and continue to promote the growth of the operation and container business of the Company.

- **Independent Non-executive Directors' Confirmation:**

  In relation to the above connected transactions of the Group, the independent non-executive directors of the Company have reviewed and confirmed that:

  - The connected transactions mentioned above have been entered into in the ordinary and usual course of business of the Company;

  - The connected transactions mentioned above have been entered into on normal commercial terms or terms not inferior to those given by the Group or an independent third party (if applicable); and

  - The connected transactions mentioned above have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

- **Auditor's Confirmation:**

  The auditors of the Company have reviewed the continuing connected transaction mentioned above and have provided the Board of Directors with a confirmation letter:

  - Nothing has come to auditors' attention that causes them to believe that such continuing connected transactions as disclosed above have not been approved by the Board of Directors;

  - In relation to the transactions regarding provision of commodities and 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;

  - 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 relevant agreements governing such transactions, and

  - Nothing has come to auditors' attention that causes them to believe that the actual transaction amounts exceeded the annual caps of the year which the Company disclosed on 22 March 2013.

3. Connected Transactions and Related-party Transactions

For details of the Group's connected transactions and related-party transactions in the year, please refer to Note VI to the financial statements prepared under CAS in this annual report. Except the connected transactions as disclosed in this section, there are no other related-party transactions that should be disclosed in accordance with the disclosure provisions in Rule 14A of the Hong Kong Listing Rules.

VI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

1. No trusteeship, sub-contracting or leasing other company assets making a profit accounting for a profit at 10% or more of total profit of the Company in the current year for the Reporting Period.

2. There was no wealth management for trusteeship during the Reporting Period.

3. Unless otherwise disclosed in the annual report, there were no other significant contracts required to be disclosed during the Reporting Period.

4. Guarantees

Unit: RMB'000

External guarantees undertaken by the Company (excluding guarantees for subsidiaries)								
Name of the guaranteed	Disclosure date of the announcement about guarantee amount	Guarantee amount	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not (Yes or No)
Customers and dealers of the companies under CIMC Vehicle	24 April 2013	1,958,850	1 January 2013	702,140	Surety bond	1-2 years	No	No
Guarantees provided by one subsidiary to another subsidiary	24 April 2013	16,648,730	1 January 2013	5,769,600	Surety bond	1-2 years	No	No

Total external guarantee amount approved during the Reporting Period (A1)	809,580	Total actual amount of external guarantee during the Reporting Period (A2)	5,825,050
Total external guarantee amount approved at the end of the Reporting Period (A3)	18,427,580	Total actual external guarantee balance at the end of Reporting Period (A4)	6,471,740

The Company's guarantees for subsidiaries								
Name of the guaranteed	Disclosure date of the announcement about guarantee amount	Guarantee amount	Actual implementation date (date of the agreement)	Actual amount of guarantee	Type of the guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not (Yes or No)
Subsidiaries under CIMC Vehicle	24 April 2013	1,489,883	1 January 2013	923,563	Surety bond	1-2 years	No	No
Guarantees provided by one subsidiary to another subsidiary	24 April 2013	228,634	1 December 2011	228,634	Surety bond	3 years	No	No

Total guarantee amount for subsidiaries approved during the Reporting Period (B1)	482,817	Total actual guarantee amount for subsidiaries during the Reporting Period (B2)	545,197
Total e guarantee amount for subsidiaries approved at the end of the Reporting Period (B3)	1,718,517	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)	1,152,197
Total guarantee of the Company (total of the above two items)			
Total guarantee amount approved during the Reporting Period (A1+B1)	563,775	Total actual guarantee amount during the Reporting Period (A2+B2)	1,127,702
Total guarantee amount approved at the end of Reporting Period (A3+B3)	3,561,275	Total actual guarantee balance at the end of the Reporting Period (A4+B4)	1,799,371
% of total actual guarantee amount (A4+B4) in net assets of the Company			87.04%
In which:			
Guarantee amount provided to shareholders, actual controllers and related parties (C)			0
Debt guarantee amount provided directly or indirectly to the guaranteed which gearing ratio is over 70% (D)			756,626
Amount of those guarantee which amount exceeds 50% of net assets of the Company (E)			765,669
Total amount of the above three guarantees (C + D + E)			1,522,295

VII. PERFORMANCE OF COMMITMENTS

The Commitments of the Company or shareholders with a shareholding above 5% occurred during or before the Reporting Period but continued during the Reporting Period

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to the shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so after the implementation of the plan, domestic residents can only hold or sell its H Shares of the Company which they legally possess due to the change of listing location of shares 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	During the course of performance
Other commitments made to the shareholders of the Company	The Company	Shareholders' Bonus Return Plan (2012 to 2014)	19 July 2012	2012 to 2014	During the course of performance
The commitment is fulfilled in a timely manner or not	Yes				

VIII. ENGAGEMENT AND DISENGAGEMENT OF FIRM OF ACCOUNTANTS

The current engaged firm of accountants

The engaged firm of accountants in the mainland	PricewaterhouseCoopers Zhong Tian LLP ("PricewaterhouseCoopers")
Payment for the accountants (RMB'000)	8,260
Term of service of the accountants	2 years
CPA of the accountants	Zhou Weiran, Cao Cuili

The Company engaged PricewaterhouseCoopers as its domestic auditor after it moved to trading in Hong Kong Stock Exchange in 2012 through conversion of its B shares to H shares. Since then, there has been no change. The undersigned CPAs of PricewaterhouseCoopers are Zhou Weiran and Cai Cuili, and it is the second year for them to serve as the undersigned CPAs. Prior to that, KPMG has been engaged as the Company's domestic auditor since 2007. During the Reporting Period, the Company did not change the engaged accountants.

During the Reporting Period, the Company engaged PricewaterhouseCoopers as its internal control auditor, and the internal control audit payment during the Reporting Period was RMB1 million (already included in the remuneration to the above domestic accountants).

IX. EXPLANATION ON OTHER MATERIAL MATTERS

1. On 26 April 2013, the Group entered into a series of memoranda of understanding on investment and cooperation with Dongguan Municipal Government and governments of relevant local districts and towns. For relevant information, please refer to the announcement of China International Marine Containers (Group) Co., Ltd. in relation to entering into memoranda of understanding on investment and cooperation with Dongguan Municipal Government (Notice No.: [CIMC] 2013-015) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 27 April 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

   On 16 March 2014, the Group entered into an investment agreement with People's Government of Fengyang Town of Dongguan City, agreeing to complete the first phase of investment of RMB2.5 billion on the Fenggang project within two years after the delivery of the land for the project. The total investment of the project of RMB7 billion shall be invested and implemented by stages. For relevant information, please refer to the announcement of China International Marine Containers (Group) Co., Ltd. in relation to entering into memoranda of understanding on investment and cooperation with Dongguan Municipal Government (Notice No.: [CIMC] 2014-007) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 16 March 2014, and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

2. During the Reporting Period, the Company planned to proceed with the proposed bond issue. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to the Proposed Issuance of US$ Guaranteed Bonds by Its Subsidiary (Notice No.: [CIMC] 2013- 016) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www. cninfo.com.cn) and the Company's website (www.cimc.com) on 3 May 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As at the date of this Report, the above proposed bonds have not been issued.

3. On 23 December 2013, the Company entered into H Share Subscription Agreements with each of COSCO Container, Broad Ride Limited ("Broad Ride") and Promotor Holdings Limited ("Promotor Holdings") respectively, pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 286,096,100 new H Shares to them at the Subscription Price of HK$13.48 per H Share and COSCO Container, Broad Ride and Promotor Holdings have conditionally agreed to subscribe for such new H Shares in cash. The gross proceeds from the issue of such new H Shares are approximately HK$3,856.58 million. Related information can be found in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the announcement on the Company's website (www.cimc.com) (Notice No.: [CIMC] 2013-056) and the announcement released on the website of the Hong Kong Stock Exchange (www. hkexnews.hk) on the date of 25 December 2013. As of the end of the Reporting Period, this designated placement of the said H Shares has not been completed.

   The above transactions did not affect the continuity of the Group's business and the stability of its management. They are beneficial for the future financial position and operating results of the Group on a continuing basis.

X. SIGNIFICANT EVENTS OF THE GROUP'S SUBSIDIARIES

On 29 July 2013, CIMC HK, a wholly owned subsidiary of the Company, signed a sale and purchase agreement with Pteris, pursuant to which CIMC HK intended to invest its entire equity of Techman (Hong Kong) Limited in Pteris, and as a consideration Pteris would issue new shares to CIMC HK (or its proxy). For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-028) disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www. cimc.com) on 30 July 2013 and the announcement published on the website of the Hong Kong Stock Exchange (www. hkexnews.hk).

On 6 February 2013, CIMC HK, Shenzhen Techman Technology Co. and Pteris signed a memorandum of the transaction. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-002) disclosed on China Securities Journal, Shanghai Securities News, Securities Times (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 7 February 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www. hkexnews.hk).

On 3 July 2013, CIMC Financial Leasing (Hong Kong) Ltd. and Dalian Shipbuilding Industry Group Co., Ltd. signed a vessel construction contract for the construction of seven 8,800 TEU container vessels; and at the same time, CIMC Financial Leasing (Hong Kong) Ltd. signed a container vessel finance leasing contract with the subsidiary of Mediterranean Shipping Company SA ("MSC") for a term of 204 months. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-024) disclosed on China Securities Journal, Shanghai Securities News, Securities Times (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 4 July 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www. hkexnews.hk).

On 24 July 2013, CIMC Financial Leasing (Hong Kong) Ltd. and Jiangsu New Times Shipbuilding Co., Ltd. (Jiangsu New Times) signed a vessel construction contract for the construction of five container ships with 8,800 TEU; and at the same time, CIMC Financial Leasing (Hong Kong) Ltd. signed a financial leasing contract with the subsidiary of MSC to lease its container ships for 204 months. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-027) disclosed on China Securities Journal, Shanghai Securities News, Securities Times (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 25 July 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www. hkexnews.hk).

On 12 September 2013, CIMC Financial Leasing (Hong Kong) Ltd. and Jiangsu New Times Shipbuilding Co., Ltd. (Jiangsu New Times) signed a vessel construction contract for the construction of two container ships with 8,800 TEU; and at the same time, CIMC Financial Leasing (Hong Kong) Ltd. signed a financial leasing contract with the subsidiary of MSC to lease its container ships for 204 months. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-038) disclosed on China Securities Journal, Shanghai Securities News, Securities Times Cninfo Website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 13 September 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk)..

As of 4 November 2013, CIMC Raffles had successfully recovered loan, interest and legal fees from Schahin Group ("Schahin") in Brazil in accordance with related rulings. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2013-044) disclosed on China Securities Journal, Shanghai Securities News, Securities Times Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 5 November 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk)..

On 7 November 2013 (German time), CIMC Ziegler GmbH (CIMC Ziegler), a wholly owned subsidiary of the Company, Dr. Bruno M. Kubler ("Bankruptcy Administrator") and Mr. Tobias Sorg ("Mr. Sorg") signed asset purchase agreements, pursuant to which CIMC Ziegler would purchase from the Bankruptcy Administrator and Mr. Sorg the entire assets (excluding cash and receivables before the completion of the transaction) and partial liabilities closely related to business sustainability of Albert Ziegler Group's parent company – Albert Ziegler GmbH & Co. KG ("Golden Root Headquarter"), as well as the shares and equity of 9 German and overseas subsidiaries directly held by the Golden Root Headquarter. For more information, please refer to the announcement of the Company (Notice No.: [CIMC] 2013-046) disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 9 November 2013, and the announcement published on the website of the Hong Kong Stock Exchange (www. hkexnews.hk).

XI. PENALTIES ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND REMEDIES THERETO

During the Reporting Period, none of the Directors, Supervisors, senior management or substantial shareholders was subject to any investigation or administrative penalty by the CSRC, or any denial of participation in the securities market or deemed unsuitable to act as a Director, Supervisor or senior officer of the Company by other administrative authorities or any public criticisms made by a stock exchange.

Chapter 8
Changes in Share Capital and Information on Shareholders

I. CHANGE IN THE COMPANY'S SHAREHOLDINGS DURING THE REPORTING PERIOD

Unit: Shares

	Pre-movement		Increase/decrease (+/-)					Post-movement	
	Numbers of shares	Percentage (%)	New Issue	Bonus Issue	Conversion from Reserves	Others	Sub-total	Numbers of shares	Percentage (%)
I. Shares with selling restrictions	371,026	0.01%	0	0	0	329,802	329,802	700,828	0.03%
1. State-owned shares	0	0%	0	0	0	0	0	0	0%
2. Shares held by state-owned companies	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	371,026	0.01%	0	0	0	329,802	329,802	700,828	0.03%
Of which: Shares held by domestic legal persons	0	0%	0	0	0	0	0	0	0%
Shares held by domestic natural persons	371,026	0.01%	0	0	0	329,802	329,802	700,828	0.03%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Of which: Shares held by foreign legal persons	0	0%	0	0	0	0	0	0	0%
Shares held by foreign natural persons	0	0%	0	0	0	0	0	0	0%
II. Shares without selling restrictions	2,662,025,025	99.99%	0	0	0	(329,802)	(329,802)	2,661,695,223	99.97%
1. RMB-denominated ordinary shares	1,231,544,516	46.26%	0	0	0	(329,802)	(329,802)	1,231,214,714	46.24%
2. Shares traded in non-RMB currencies and listed domestically	0	0%	0	0	0	0	0	0	0%
3. Shares traded in non-RMB currencies and listed overseas	1,430,480,509	53.73%	0	0	0	0	0	1,430,480,509	53.73%
4. Others	0	0%	0	0	0	0	0	0	0%
III. Total Shares	2,662,396,051	100%	0	0	0	0	0	2,662,396,051	100%

During the Reporting Period, there were no changes in shares of the Company, nor any relevant approval and transfer for changes in shares.

During the Reporting Period, there were no changes in shares of the Company, nor effects of changes in shares on the basic EPS (earnings per share) of the last year or the latest issue or diluted EPS, or the net assets per share attributable to ordinary shareholders of the Company and other financial indicators

During the Reporting Period, with regard to changes in shares, there was no information that the Company deems necessary to disclose or other matters require to be disclosed by the securities regulatory authority

II. CHANGES IN THE COMPANY'S SHARES WITH SELLING RESTRICTIONS DURING THE REPORTING PERIOD

Unit: shares

Name of Shareholders	Number of shares with selling restrictions at the beginning of the year	Number of shares with selling restrictions expired in the year	Change in number of shares with selling restrictions in the year	Number of shares with selling restrictions at the end of the year	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang	371,026	123,676	123,676	371,026	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	No
Li Ruiting	0	0	329,802	329,802	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Six months after the application date
Total	371,026	123,676	453,478	700,828	–	–

III. ISSUE AND LISTING OF SECURITIES

Changes in the total number of shares and shareholder structure of the Company, and changes in asset and liability structure of the Company

On 20 May 2013, the Company was notified by COSCO Pacific of its intention to transfer all issued shares and relevant shareholders' loan agreements of its subsidiary, COSCO Container, to its connected person, Long Honour Investments Limited ("Long Honour").

COSCO Container was originally the second largest shareholder of the Company and held 432,171,843 A Shares and 148,320,037 H Shares of the Company, which accounted for approximately 21.80% of the total issued share capital of the Company. Long Honour directly held 25,322,106 H Shares of the Company which accounted for approximately 0.95% of the total issued share capital of the Company.

On 27 June 2013, such transfer of equity interest was completed. As at the end of the Reporting Period, Long Honour was the second largest shareholder of the Company and its shareholding percentage was approximately 22.75%. The shares and the shareholding percentage of the Company held by COSCO, the ultimate holding company of COSCO Pacific and Long Honour, remained unchanged upon the completion of such transfer of equity interest.

On 23 December 2013, the Company entered into H Share Subscription Agreements with each of COSCO Container, Broad Ride and Promotor Holdings respectively, pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 286,096,100 new H Shares to them at the Subscription Price of HK$13.48 per H Share and COSCO Container, Broad Ride and Promotor Holdings have conditionally agreed to subscribe for such new H Shares in cash on the terms and subject to the conditions set out therein. The gross proceeds from the issue of such new H Shares are approximately HK$3,856.58 million. For further information, please refer to the announcement disclosed on China Securities Journal, Shanghai Securities News, Securities Times, (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Notice No.: [CIMC] 2013-056) and the announcement released on the website of the Hong Kong Stock Exchange (www. hkexnews.hk) on the date of 25 December 2013. As of the end of the Reporting Period, this designated placement of the said H Shares has not been completed.

IV. SHAREHOLDERS AND ACTUAL CONTROLLERS

1. Number of Shareholders and Shareholdings

The number of shareholders of the Company as at 31 December 2013 was 129,100, including 129,096 holders of A shares and four registered holder of H Shares. The minimum public float of the Company satisfied the requirements of the Hong Kong Listing Rules.

The total number of shareholders of the Company as at 18 March 2014, being the five business days preceding the date of the Company's result announcement for 2013 was 125,724 including 125,719 holders of A shares and 5 registered holders of H shares.

(1) Shareholdings of the top ten shareholders as at the end of the Reporting Period

Unit: Shares

Shareholdings of the shareholders who hold above 5% or the top ten shareholders								
							Pledged or frozen shares	
Name of Shareholders	Nature of shareholders	Shareholding ratio (%)	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares with selling restrictions held at the end of Reporting Period	Number of shares without selling restrictions held at the end of Reporting Period	Status	Number
HKSCC Nominees Limited	Foreign legal person	53.73%	1,430,470,309			1,430,470,309		
COSCO Container Industries Limited	Foreign legal person	16.23%	432,171,843	–	–	432,171,843	–	–
China Merchants Bank Co., Ltd. – Everbright Pramerica Securities Investment Fund	Domestic non-state-owned legal person	1.45%	38,579,929	–	–	38,579,929	–	–
Agricultural Bank of China – Post preferred Stock in the Core of Securities Investment Funds	Domestic non-state-owned legal person	0.57%	15,122,394	–	–	15,122,394	–	–
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus -019L-FH002 Shenzhen	Domestic non-state-owned legal person	0.56%	14,806,230	–	–	14,806,230	–	–
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Securities Investment Fund	Domestic non-state-owned legal person	0.48%	12,860,574	–	–	12,860,574	–	–
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 Index Classified Securities Investment Fund	Domestic non-state-owned legal person	0.38%	10,217,019	–	–	10,217,019	–	–
Ouyang Ping	Domestic natural person	0.35%	9,229,384	–	–	9,229,384	–	–
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	Domestic non-state-owned legal person	0.28%	7,417,185	–	–	7,417,185	–	–
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund	Domestic non-state-owned legal person	0.28%	7,386,110	–	–	7,386,110	–	–
The relationship or concerted action of the above mentioned shareholders	None							

(2) **Shareholdings of top ten shareholders of shares without selling restrictions as at the end of the Reporting Period**

Unit: Shares

Shareholdings of top ten shareholders of shares without selling restrictions			
	Number of shares without selling restrictions held at the end of Reporting Period (Share)	Nature of the shares	
Name of Shareholders		Nature of the shares	Number (Share)
HKSCC Nominees Limited	1,430,470,309	H shares	1,430,470,309
COSCO Container Industries Limited	432,171,843	A shares	432,171,843
China Merchants Bank Co., Ltd. -Everbright Pramerica Securities Investment Fund	38,579,929	A shares	38,579,929
Agricultural Bank of China-Post preferred Stock in the Core of Securities Investment Funds	15,122,394	A shares	15,122,394
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus -019L-FH002Shenzhen	14,806,230	A shares	14,806,230
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Securities Investment Fund	12,860,574	A shares	12,860,574
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 Index Classified Securities Investment Fund	10,217,019	A shares	10,217,019
Ouyang Ping	9,229,384	A shares	9,229,384
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	7,417,185	A shares	7,417,185
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	7,386,110	A shares	7,386,110
The relationship or concerted action between the top 10 shareholders with selling restrictions, or the top 10 shareholders without selling restrictions and the top 10 shareholders	None		
The top 10 shareholders who participate in margin trading or short-selling transactions(if any)	None		

Shareholders did not conduct any agreed repurchase transactions during the Reporting Period.

2. Controlling Shareholders

There is no controlling shareholder in the Company. The status of our two largest shareholders, China Merchants (CIMC) Investment Limited and COSCO Container, remain unchanged during the Reporting Period.

3. Actual Controller

There was no actual controller in the Company. There were no changes in the actual controllers during the Reporting Period. The Company was not controlled by any actual controller through trust or other asset management during the Reporting Period.

4. Other corporate shareholders with a shareholding above 10%

Name of the corporate shareholder	Legal Representative/ Unit Leader	Date of establishment	Organization code	Registered capital	Main business or management activities
China Merchants (CIMC) Investment Co., Ltd.	Wong Sin Yee, Zhang Rizhong, Lin Wuliu	17 January 1995	Not applicable	HK$10,000	Investment, shareholding
COSCO Container	He Jiale, Meng Qinghui, Su Xiaodong	26 April 2004	Not applicable	US$50,000	Investment, shareholding

5. Share Purchasing Plan Proposed or Implemented by Shareholders or Persons Acting in Concert during the Reporting Period

Name of shareholder/ persons acting in concert	Number of shares they planned to increase	% of shareholding they planned to increase (%)	Number of shares actually increased	% of shareholding actually increased (%)	First disclosure date of the plan	Disclosure date of the complement of the plan
COSCO Container Industries	65,099,638	4.55%	–	–	25 December 2013	–
Broad Ride Limited	77,948,412	5.45%	–	–	25 December 2013	–

V. SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Substantial Shareholders under the Securities and Futures ordinance of Hong Kong

So far as the Directors are aware, as at 31 December 2013, the persons other than a Director, Supervisor or senior management 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 shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
China Merchants Group Limited [1]	H Shares	679,927,917(L)	Interest of Corporation Controlled by the Substantial Shareholder	47.53	25.54
COSCO[2]	A Shares	432,171,843(L)	Interest of Corporation Controlled by the Substantial Shareholder	35.08	16.23
	H Shares	173,642,143(L)	Interest of Corporation Controlled by the Substantial Shareholder	12.14	6.52
Hony Capital Management Limited[3]	H Shares	137,255,434 (L)	Interest of Corporation Controlled by the Substantial Shareholder	9.60	5.16
Templeton Asset Management (Singapore) Ltd.	H Shares	114,747,467 (L)	Investment Manager	8.02	4.31

(L) Long position

Note 1: China Merchants Group Limited, through various subsidiaries, had an interest in the H shares of the Company, all of which 679,927,917 H shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

Note 2: COSCO, through various subsidiaries, had an interest in the A shares and H shares of the Company, all of which 432,171,843 A shares (long position) and 173,642,143 H Shares (Long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

Note 3: Hony Capital Management Limited, through various subsidiaries, had an interest in the H shares of the Company, all of which 137,255,434 H shares (long position) were held in its 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 2013, no person (other than a Director, Supervisor or senior management of the Company) has an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

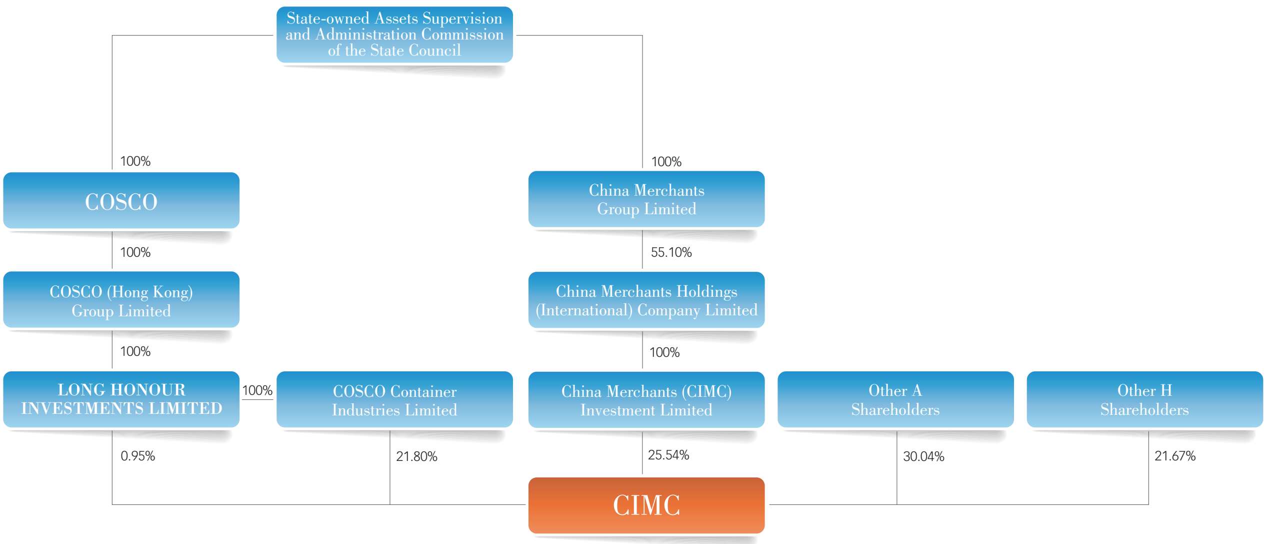
2. Substantial Shareholders

China Merchants Group Limited was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10.05 billion and its chairman is Fu Yuning. The three core business sectors of China Merchants Group Limited focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management.

COSCO was incorporated on 27 April 1961 in the PRC. Its registered capital is RMB4,103.367 million and its chairman is Ma Zehua. COSCO is an international company with its businesses covering marine transportation, logistics terminals, ship building and repairing.

Except for China Merchants Group Limited and COSCO, no other legal person holds 10% or more of the shares in the Company (excluding HKSCC Nominees Limited).

3. The equity interest structure between the Company and the substantial shareholders



VI. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the public float of the Company has satisfied relevant requirements under the Hong Kong Listing Rules during the Reporting Period.

Chapter 9 Directors, Supervisors, Senior Management and Employees

I. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Information on the current Directors during the Reporting Period is set out below:

Name	Gender	Age	Position	Term	Number of Shares held in the Company (Share) As at 31 December 2012	As at 31 December 2013
Li Jianhong	M	57	Chairman and Non-executive Director	3	Nil	**Nil**
Mai Boliang	M	54	Executive Director and President	3	494,702	494,702
Wang Hong	M	51	Non-executive Director	3	Nil	**Nil**
Wu Shuxiong	M	59	Non-executive Director	3	Nil	**Nil**
Li Kejun	M	62	Independent non-executive Director	3	Nil	**Nil**
Pan Chengwei	M	67	Independent non-executive Director	3	Nil	**Nil**
Wong Kwai Huen, Albert	M	62	Independent non-executive Director	3	Nil	**Nil**

Brief biography of Directors:

Mr. Li Jianhong (李建紅), aged 57, has been a Director of the Company since 2 March 1995. He once acted as the Chairman and Vice Chairman of the Company and was elected as the Chairman of the Company again on 25 October 2010. Mr. Li has been the chairman of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (Shanghai stock code: 601872) since November 2010 and the vice chairman and an executive director of China Merchants International (Hong Kong stock code: 144) since October 2010. Mr. Li also holds the position of director and president of China Merchants Group. He had worked for COSCO and held various positions, including factory director of COSCO Nantong Shipyard (中遠南通船廠), general manager of COSCO Industry Company (中遠工業公司), assistant to the president, chief economist and executive vice president of COSCO, chairman of COSCO Corporation (Singapore) Limited (中遠投資(新加坡)有限公司), a company listed in Singapore, Sino-Ocean Land Holdings Limited (遠洋地產控股有限公司) (Hong Kong stock code: 3377), COSCO Shipyard Group Co., Ltd. (中遠船務工程集團有限公司) and Nantong COSCO KHI Ship Engineering Co., Ltd. (南通中遠川崎船舶工程有限公司), a director of COSCO Holdings (Hong Kong stock code: 1919, Shanghai stock code: 601919), COSCO Pacific (Hong Kong stock code: 1199) and COSCO International Holdings Limited (Hong Kong stock code: 517). Mr. Li was also the vice chairman of Chinese Society of Naval Architecture and Marine Engineering (CSNAME) and the vice president of China Association of Naval Shipping Industry (CANSI). He was awarded the third session of National Outstanding Young Entrepreneur in 1993, the Model Worker of National Transportation System in 1994 and the National Model Worker in 1995. Mr. Li obtained his MBA degree from University of East London in October 2000 and a master degree in economic administration from Jilin University in 1998. He is a senior economist.

Mr. Mai Boliang (麥伯良), aged 54, has been the President of the Company since 7 March 1994 and an Executive Director of the Company since 8 March 1994. Mr. Mai joined the Company in 1982 and served as manager of Product Technical Department and the deputy manager. Mr. Mai graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor degree.

Mr. Wang Hong (王 宏), aged 51, has been a Director of the Company since 23 April 2007. He has been a director of China Merchants Property Development Co., Ltd. (Shenzhen stock code: 000024), also a company listed in Singapore, since April 2011, a director of China Merchants Energy Shipping Co., Ltd. (Shanghai stock code: 601872) since May 2010 and the general manager of planning department of China Merchants Group since February 2011 and its chief economist since February 2012. Mr. Wang has also been an executive director of China Merchants International (Hong Kong stock code: 144) since May 2005. He worked as vice chairman of Shanghai International Port (Group) Co., Ltd. (Shanghai stock code: 600018) from June 2005 to July 2009, chairman of China Merchants Holdings (Pacific) Limited, a company listed in Singapore, from May 2005 to February 2009, deputy managing director of China Merchants International (Hong Kong stock code: 144) from 2005 to 2009 and its chief operational officer from 2007 to 2009. Prior to that, Mr. Wang worked as general manager of performance appraisal department, human resources department and strategic research department of China Merchants Group. He also served as managing director of Hoi Tung Marine Machinery Suppliers Limited, general manager of financial department, shipping department and vice manager of China Communications Import & Export Corporation and the marine engineer of COSCO Guangzhou Ocean Shipping Company (中遠廣州遠洋運輸公司) Mr. Wang graduated from turbine management in Dalian Maritime University in 1982 and obtained a MBA degree from Graduate School of University of Science and Technology Beijing in 1991 and Ph.D degree in management from Gradual School of Chinese Academy of Social Sciences in July 1999.

Mr. Wu Shuxiong (吳樹雄), aged 59, has been the vice president of COSCO (Hong Kong) Group Limited since November 2011. Mr. Wu served as a supervisor of China COSCO Holdings Company Limited (HK stock code: 1919) from March 2005 to January 2012. Mr. Wu has also been a non-executive director of COSCO International Holdings Limited (HK stock code: 00517) since April 2012. Mr. Wu has over 30 years of experience in the shipping industry and has extensive experience in corporate operational management and ship management. Mr. Wu had been the marine chief engineer, the section manager of safety and technology of ship management department, the deputy manager of ship management department of Shanghai Ocean Shipping Company Ltd., the general manager of Shanghai Far East Container Manufacturing Co., Ltd. the deputy general manager of Shanghai Ocean Shipping Company Ltd. the deputy general manager and director of COSCO Container Lines Co., Ltd.. Mr. Wu graduated from Shanghai Jiao Tong University in 1989, majoring in transportation management and he is a senior engineer.

Chapter 9
Directors, Supervisors, Senior Management and Employees

Mr. Li Kejun (李科浚), aged 62, is from Haicheng, Liaoning. He is a senior engineer who is entitled to special government allowance and a registered safety engineer of the PRC. He graduated from the department of Marine Navigation of Dalian Maritime University in 1975; studied Law at McGill University, Canada from 1976 to 1978; was trained at Central Party School of the Communist Party of China from 1991 to 1992; studied world economy at the World Economy Research Institute of Central Party School of the Communist Party of China with a master degree from 1993-1995; and attended the 155th Advanced Business Administration Seminar at Harvard Business School during the second half of 1998. Mr. Li started his career in 1968. He worked as a teacher at the department of Marine Navigation of Dalian Maritime University since 1975. He then worked at the Ministry of Transportation of the PRC since 1978 and served as the chief surveyor, the deputy director, the director and the deputy director general of Register of Shipping of the PRC and an executive director and the vice president of China Merchants Group Limited. He was the director-general and the chairman (president) of the China Classification Society from 1999 to 2011. He was the chairman of Council for International Association of Classification Societies (IACS) from 2006 to 2007 and was the first chairman of The Association of Asian Classification Societies (ACS) from 2010 to 2011. He retired at the end of 2011. He retired at the end of 2011. Currently, he is the chairman of China Association of Communications Enterprises Management and the honorable director-general of the China Classification Society. He has been the independent director of Weichai Heavy Machinery Co., Ltd (Stock Code: 000880) since May 2013.

Mr. Pan Chengwei (潘承偉), aged 67, graduated from The Ministry of Transportation Management Cadre Institute with an associate bachelor degree and he is an accountant. He started his career in 1965 and retired in November 2008. He had served as the head of finance department of China Ocean Shipping Company, the general manager of finance department of COSCO, the general manager of finance department of COSCO (Hong Kong) Group Limited, the general manager of COSCO (H.K.) Property Development Limited, the general manager of COSCO (H.K.) Industry & Trade Holdings Ltd., the chief representative of Shenzhen representative office of COSCO (Hong Kong) Group Limited and the chief financial officer of Shenzhen Guangju Energy Co., Ltd., the general manager of COSCO (Cayman) Fortune Holding Co., Ltd. and its Hong Kong branch, and the compliance manager of the fuel & oil futures department of COSCO. He has been an independent non-executive director of Shenzhen Nanshan Power Co., Ltd. and China Merchants Bank Co., Ltd. since May 2011 and July 2012, respectively.

Mr. Wong Kwai Huen, Albert (王桂塤), aged 62, JP. holds a bachelor degree of art from Chinese University of Hong Kong, a bachelor of laws degree from University of London, a diploma in Chinese law from University of East Asia, Macau and graduated from the College of Law, U.K.. He is a practicing solicitor in Hong Kong and UK, a China Appointed Attesting Officer, and he is qualified to practise law in Australia and Singapore. Mr. Wong had once been an independent non-executive Director of Datang International Power Generation Co., Ltd. and a foreign legal counsel for the Jiangsu Provincial Government, and now he is the independent non-executive Director of China PICC Asset Management Co., Ltd.. He had once been the Managing Partner of China region for 15 years in two international large law firms in aggregate, and also worked for the Lands Department, Department of Justice and Legislative Council of the Hong Kong SAR for 10 years in total. He was appointed as committee member of Hong Kong International Airport Authority and Hospital Authority in June 2011 and December 2012 successively. He was the former Chairman of Hong Kong International Arbitration Centre, and is senior member of the Chartered Institute of Arbitrators in UK and Hong Kong Institute of Arbitrators, and was the former chairman of Hong Kong Institute of Arbitrators. He is also the vice-chairman of Hong Kong Inland Revenue Board of Review, chairman of Hong Kong Copyright Appeal Tribunal, chairman of the Professional Advisory Committee of Hong Kong Trade Development Council, former president and council member of the Law Society of Hong Kong, council member of the Hong Kong Institute of Directors and the voting member for the Best Director of the Year. He holds the posts of honorary lecturer or professor in Hong Kong University, the Chinese University of Hong Kong, City University and Shue Yan University, and is a director, president, chairman, treasurer, etc. in different public bodies and charity institutions.

2. Supervisors

Information on the current Supervisors during the Reporting Period is set out below:

Name	Gender	Age	Position	Term	Number of Shares held in the Company (Share) As at 31 December 2012	As at 31 December 2013
He Jiale	Male	59	Chairman of Supervisory Committee	3	0	0
Wong Sin Yue, Cynthia	Female	61	Supervisor	3	0	0
Xiong Bo	Male	54	Supervisor	3	0	0

Brief biography of the Supervisors:

Mr. He Jiale (何家樂), aged 59, has been a director and chief financial officer of COSCO (Hong Kong) Group Limited since February 2012. Mr. He has also been a non-executive director of Chong Hing Bank Limited (HK stock code: 1111) since May 2012. He was an executive director of COSCO International Holdings Limited (HK stock code: 00517) from November 2003 to January 2006 and has been its executive director since April 2012. Mr. He was an executive director of COSCO Pacific Limited (HK stock code: 1199) from November 2003 to June 2005 and was its executive director from January 2009 to March 2013. Mr. He has over 30 years of work experience in shipping industry and has extensive experience in corporate finance and financial management. He served as deputy director of finance division of Shanghai Ocean Shipping Company Ltd., the deputy general manager of Finance Department of the COSCO Container Lines, deputy general manager of finance and capital department of China Ocean Shipping (Group) Company, chief accountant of COSCO Container Lines Co., Ltd., financial controller of COSCO (Hong Kong) Group Limited and chief financial officer of China COSCO Holdings Company Limited (HK stock code: 1919). Mr. He graduated from the postgraduate studies of management science and engineering from Shanghai University and he is a senior accountant.

Ms. Wong Sin Yue, Cynthia (黃倩如), aged 61, has been a Supervisor of the Company since 22 June 2009. She has been working for China Merchants Holdings (International) Co., Ltd (HK stock code: 144) since November 2003, firstly as general manager of Project Development Department, and has been vice-general manager of the company responsible for financial affairs since July 2004. Ms. Wong has been appointed as an independent non-execute director of China Gas Holdings Co., Ltd (HK stock code: 384) since October 2003, and further been appointed as chairlady of its board of directors (independent and non-executive) since March 2011. Ms. Wong has over 15 years' experience as a top executive in a number of international reputable investment banks, including Societe Generale, Deutsche, Morgan Grenfell, Samuel Montague and Bear Stearns Asia and has provided financial advisory and corporate finance services for not less than 50 companies in the Great China Region and Asia. Ms. Wong received her MBA degree from University of East Asia, Macau in 1989.

Mr. Xiong Bo (熊波), aged 54, joined the Company in 1991. He has been the Tax Accountant of Finance Management Department of the Company since March 1991. Mr. Xiong has been the Chairman of the Labor Union of the Company since 1996. He graduated from Heilongjiang Radio and TV University in 1982 with major in electronics and received a bachelor's degree.

3. Senior Management

Information on current members of the Senior Management of the Company during the Reporting Period is set out below:

Name	Gender	Age	Position	Term	Number of Shares held in the Company (Share) As at 31 December 2012	As at 31 December 2013
Mai Boliang	M	54	President	3	494,702	494,702
Zhao Qingsheng	M	61	Vice President	3	Nil	**Nil**
Wu Fapei	M	55	Vice President	3	Nil	**Nil**
Li Yinhui	M	46	Vice President	3	Nil	**Nil**
Liu Xuebin	M	54	Vice President	3	2,400	2,400
Yu Ya	M	58	Vice President	3	Nil	**Nil**
Zhang Baoqing	M	57	Vice President	3	Nil	**Nil**
Yu Yuqun	M	48	Secretary to the Board of Directors	3	Nil	**Nil**
Jin Jianlong	M	60	General Manager of Financial Department	3	Nil	**Nil**
Zeng Beihua	F	59	General Manager of Capital Management Department	3	Nil	**Nil**

Brief biography of the Senior Management:

Mr. Mai Boliang (麥伯良), is a Director and the president of the Company. For details of Mr. Mai Boliang, please refer to the sub-section headed "Brief Biography of the Directors, Supervisors and Senior Management – Directors" in this Chapter.

Mr. Zhao Qingsheng (趙慶生), aged 61, was the vice Chairman of the Company from 1997 to 1999 and appointed as our vice president in 1999. He has been the chairman or director of a number of subsidiaries of the Company and the chairman of board of directors of CIMC Enric (Hong Kong stock code: 3899) since September 2007. Mr. Zhao joined China Merchants Group in 1983 and served as general manager of the enterprise department in China Merchants Group from 1991 to 1995. He worked in China Merchants International (Hong Kong stock code: 1199) as the vice general manager from 1995 to 1999. He graduated from Wuhan University of Technology (formerly known as Wuhan University of Water Transportation Engineering), majoring in vessel gas engineering in 1982.

Mr. Wu Fapei (吳發沛), aged 55, has been a vice president of the Company since March 2004. He joined the Company in 1996, was appointed as the manager of Information Management Department in December 1996, then the assistant to the president in December 1998 and further the Board secretary from December 1999 to March 2004. Before that, he used to be a teacher and associate professor of School of Business Administration in South China University of Technology and the deputy general manager of Zhaoqing Nanhua Bicycle Ronghui Co., Ltd. in Guangdong. Mr. Wu graduated from South China University of Technology with a bachelor degree in mechanical manufacturing in July 1982 and a master degree in engineering in July 1989.

Mr. Li Yinhui (李胤輝), aged 46, 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. Between May 1993 and 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, a MBA degree from School of Business in Nanjing University in December 1997 and Ph.D in economics from Jilin University in June 2001.

Mr. Liu Xuebin (劉學斌), aged 54, has been a vice president of the Company since March 2004. He joined the Group in 1982, and once worked in the Company's Procurement Department from 1982 to 1990, deputy general manager of Nantong Shunda Container Co., Ltd. (南通順達集裝箱有限公司) from 1990 to 1994, deputy general manager of the Container Branch of the Company from 1994 to 1995, and general manager of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司) from 1995 to 1997. From 1997 to 2013, he was appointed as general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) and in December 1998, he held the positions of the assistant to the president of the Company and chairman of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司). Since January 2011, he was appointed as deputy general manager of CIMC Containers Holding Co., Ltd. (中集集裝箱控股有限公司). Mr. Liu graduated from Shenzhen University with a bachelor degree in business administration in August 1990.

Mr. Yu Ya (于亞), aged 58, has been a vice president of the Company since March 2010. Mr. Yu has been working with the Company since August 2007, serving as vice secretary of the Party Committee and general manager of Public affairs department. He has also been the chairman or a director of a number of subsidiaries of the Company since October 2009. He once worked for central ministries as deputy director, for China Light Industry Corporation as vice president and for Capgemini as executive director and executive vice president in Greater China Region. Mr. Yu graduated from the Mechanical Engineering Department of Tianjin Light Industry Vocational Technical College in July 1984 and obtained a MBA degree from Nanjing University in June 1997.

Mr. Zhang Baoqing (張寶清), aged 57, was appointed as a Vice President of the Company in March 2012. Since June 1995, Mr. Zhang has been the deputy general manager and then the general manager of Guangdong Xinhui CIMC Containers Wood Flooring Co., Ltd. (廣東新會中集集裝箱木地板有限公司), and since January 2003, he was the general manager of Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. (廣東新會中集特種運輸設備有限公司), and since June 2011, the general manager of CIMC Containers Holding Co., Ltd. (Container business) under the Group. Mr. Zhang once acted as the assistant to the president of the Group from March 2004 to March 2012, deputy general manager of Guangdong Xinhui CIMC Containers Wood Flooring Co., Ltd. from March 2004 to March 2012, and the general manager of Guangdong Xinhui CIMC Wood Development Co., Ltd from February 2009 to March 2013. Before that, he once worked as assistant to the general manager and general manager of technical department of Nantong Shunda Containers Co., Ltd. (南通順達集裝箱有限公司). Mr. Zhang is a senior engineer. He graduated from South China University of Technology with a bachelor degree in mechanical design and automation science in July 1982.

Mr. Yu Yuqun (于玉群), aged 48, has been the secretary to the Board of the Company since March 2004 and has been the Company Secretary since 25 October 2012. He joined the Company in 1992 and subsequently worked as deputy manager, manager of Financial Affairs Department and manager of the office of secretary to the Board, responsible for investors relationship and fund management. Mr. Yu became the representative for securities affairs of the Company since its listing on the Shenzhen Stock Exchange in 1994. Mr. Yu has been appointed as an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and a director of several subsidiaries of the Company since 2004. He has been appointed as a non-executive director of TSC Group Holdings Limited (Hong Kong stock code: 206) and Pteris Global Limited (a company listed on the main board of the Singapore Stock Exchange) in March 2011 and 2012, respectively. From July 1987 to October 1989, he worked in the State Price Control Bureau. Mr. Yu graduated from Beijing University and obtained a bachelor's degree in economics in July 1987 and a master's degree in economics in July 1992.

Mr. Jin Jianlong (金建隆), aged 60, has been the general manager of Financial Department since October 2001. Mr. Jin has been an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and a number of subsidiaries of the Company since 2001. He joined the Group in 1989, appointed as the manager of of the Financial Management Department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) and then of the Financial Management Department of the Company. From August 1975 to April 1989, he worked in Hangzhou Iron & Steel Works as manager of its financial department. He graduated from Maanshan Institute of Iron and Steel Technology in July 1985, majoring in accounting. He is an accountant.

Ms. Zeng Beihua (曾北華), aged 59, has been the general manager of Capital Management Department of the Company since December 2009. She has been the executive director of CIMC Financial Leasing and CIMC Finance since 2007 and 2010, respectively. Ms. Zhen joined the Company in 1989, and once took the positions of the general manager of Financial Management Department from April 1989 to 2001, the general manager of CIMC Vehicle from 2002 to 2009, the general manager of CIMC Financial Leasing from August 2007 to August 2012, and general manager of CIMC Finance from February 2010 to August 2012. Ms. Zeng graduated from Wuhan University, majoring in accounting in July 1989, studied accounting at Shanghai University of Finance and Economics from 1996 to 1997. She studied in the diploma in management program in China Europe International Business School and graduated in 2002.

II. SHAREHOLDINGS' CHANGES OF DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT

During the Reporting Period, shareholdings of Director, Supervisor and Senior Management remain.

Interests of Directors, Supervisors and Chief Executives in the Share Capita l of the Company and associated corporation thereof

As at 31 December 2013, the interest and short positions held by Directors, Supervisors and chief executive of the Company in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance of Hong Kong or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code are as follows:

1. Interest in the shares of the Company

Name	Nature of interest	Number of shares	Class of shares
Mai Boliang	Beneficial interest	494,702	A Shares

2. Interest in the underlying shares of the Company

As at 31 December 2013, none Director, Supervisor and Chief Executive of the Company held the interest in the underlying shares of the Company.

3. Interest in the associated corporation

Name	Name of associated corporation	Nature of interest	Number of shares
Mai Boliang	CIMC Vehicle (Group) Co., Limited	Beneficiary of a trust	10,350,000

III. MAIN WORKING EXPERIENCES OF DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT OF THE COMPANY OF THE LAST FIVE YEARS

For main working experiences of director, supervisor and senior management of the Company of the last five years, please refer to "I. Brief biography of the Directors, Supervisors and Senior Management during the Reporting Period" in this Chapter.

Job status of Directors, Supervisors and Senior Management in Shareholders' company is set out as follows:

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
Li Jianhong	China Merchants Group Limited	Director and President	23 August 2010	–	Yes
	China Merchants Group Limited	Executive Director and Vice Chairman of Board of Directors	14 October 2010	–	No
Wang Hong	China Merchants Group Limited	General Manager of Corporate Planning Department	1 February 2011	–	Yes
		Chief Economist	29 February 2012	–	Yes
	China Merchants Group Limited	Director	11 May 2005	–	No
Wu Shuxiong	COSCO (Hong Kong) Group Co.,Ltd.	Director and Vice President	28 November 2011	–	Yes
He Jiale	COSCO (Hong Kong) Group Co.,Ltd.	Director and Chief Financial Officer	15 February 2012	–	Yes

Job status of Directors, Supervisors and Senior Management in other companies is set out as follows:

Name	Name of other company	Position in other company	Start of term of office	End of term of office	With compensation allowance from other company or not
Li Jianhong	China Merchants Energy Shipping Co., Ltd.	Chairman	1 November 2010	–	No
Wang Hong	China Merchants Energy Shipping Co., Ltd.	Director	27 May 2010	–	No
	China Merchants Property Development Co., Ltd.	Director	13 April 2011	–	No
Wu Shuxiong	COSCO International Holdings Limited	Non-executive Director	10 April 2012	–	No
Li Kejun	Weichai Heavy Machinery Co., Ltd	Independent Director	22 May 2013	–	No
Pan Chengwei	China Merchants Bank Co., Ltd.	Independent Director	09 July 2012	–	Yes
	Shenzhen Nanshan Power Co., Ltd.	Independent Director	22 May 2011	–	Yes
Wong Kwai Huen, Albert	PICC Asset Management Co., Ltd.	Independent Non-executive Director	18 February 2013	–	Yes
He Jiale	Chong Hing Bank Limited	Non-executive Director	22 May 2012	14 February 2014	Yes
	COSCO International Holdings Limited	Executive Director	10 April 2012	–	No

IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. The decision-making process, basis for determination and actual payment of remuneration of Directors, Supervisors and Senior Management

In accordance with the provisions of Articles of Association of the Company, remuneration of the Directors and Supervisors shall be determined by the General Meeting, while remuneration of the Senior Management shall be determined by the Board of Directors. During the Reporting Period, the Directors and Supervisors of the Company shall not receive remuneration due to holding the relevant positions of directors and supervisors. Senior Management (Note: Senior Management is the personnel employed by the Board of Directors) 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 Directors 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 of Directors"

Through the agreement of the Board of Directors and the General Meeting and based on the employment duration, the Independent Directors are awarded with RMB120,000 as independent allowance during the Reporting Period. In addition, Independent Directors didn't receive other remuneration during the Reporting Period.

The Supervisor Mr. Xiongbo received remuneration from the Company due to the other positions he held at the Company.

The details of remuneration (pre-tax) of current Directors, Supervisors and Senior Management are as the Remuneration Table for Directors, Supervisors and Senior Management.

2. Remuneration of Directors, Supervisors and Senior Management during the Reporting Period

Unit: RMB'000

Name	Position	Gender	Age	Job state	Total remuneration from the Company	Total remuneration from shareholders' company	Actually received remuneration at the end of the Reporting Period
Directors:							
Li Jianhong	Chairman and Non-executive Director	Male	57	Current	–	–	–
Mai Boliang	Executive Director and President	Male	54	Current	8,697	–	8,697
Zhang Minjie	Vice Chairman, non-executive Director	Male	55	Retired	0	–	–
Wang Xingru	Non-executive Director	Male	48	Retired	0	–	–
Wang Hong	Non-executive Director	Male	51	Current	–	–	–
Wu Shuxiong	Non-executive Director	Male	59	Current	–	–	–
Ding Huiping	Independent Non-executive Director	Male	57	Retired	60	0	60
Jin Qingjun	Independent Non-executive Director	Male	56	Retired	60	0	60
Xu Jing'an	Independent Non-executive Director	Male	72	Retired	60	0	60
Li Kejun	Independent Non-executive Director	Male	62	Current	60	0	60
Pan Chengwei	Independent Non-executive Director	Male	67	Current	60	0	60
Wong Kwai Huen, Albert	Independent Non-executive Director	Male	62	Current	60	0	60
Supervisors:							
He Jiale	Chairman of the Supervisory Committee	Male	59	Current	0	–	–
Wong Sin Yue, Cynthia	Supervisor	Female	61	Current	0	–	–
Xiong Bo	Supervisor	Male	54	Current	210	0	210
Feng Wanguang	Supervisor	Male	67	Retired	1,719	0	1,719

Name	Position	Gender	Age	Job state	Total remuneration from the Company	Total remuneration from shareholders' company	Actually received remuneration at the end of the Reporting Period
Li Ruiting	Supervisor	Male	66	Retired	2,351	0	2,351
Lv Shijie	Supervisor	Male	49	Retired	0	0	0
Senior Management:							
Zhao Qingsheng	Vice President	Male	61	Current	4,308	0	4,308
Wu Fapei	Vice President	Male	55	Current	3,023	0	3,023
Li Yinhui	Vice President	Male	46	Current	2,721	0	2,721
Liu Xuebin	Vice President	Male	54	Current	3,737	0	3,737
Yu Ya	Vice President	Male	58	Current	2,935	0	2,935
Zhang Baoqing	Vice President	Male	57	Current	3,748	0	3,748
Yu Yuqun	Secretary to the Board	Male	48	Current	2,515	0	2,515
Jin Jianlong	General Manager of Financial Department	Male	60	Current	2,603	0	2,603
Zeng Beihua	General Manager of Capital Management Department	Female	59	Current	2,505	0	2,505
Total	–	–	–	–	41,432	–	41,432

Note: (1) Mr. Mai Boliang has received the remuneration from the Company due to his position of president in the Company.

Note: (2) Mr. Xiong Bo has received remuneration from the Company due to his position held in the Company other than the Supervisor.

The top five people who received the highest remuneration from the Group in 2013 have been listed in the above table.

3. Options granted to Directors, Supervisors and Senior Management during the Reporting Period

Name	Position	Granted during the Reporting Period (Share)	Exercised during the Reporting Period (Share)	Exercise price of exercised during the Reporting Period (RMB/ share)	Market price at the end of the Reporting Period (RMB/ share)	Number restricted shares at the beginning of the period (Share)	Number of newly granted restricted shares during the Reporting Period (Share)	Grant price of restricted shares (RMB/ share)	Number of restricted shares held at the end of the period (Share)
Mai Boliang	President and Executive Director	950,000	0	11.35	14.86	0	–	–	0
Zhao Qingsheng	Vice President	375,000	0	11.35	14.86	0	–	–	0
Liu Xuebin	Vice President	375,000	0	11.35	14.86	0	–	–	0
Wu Fapei	Vice President	250,000	0	11.35	14.86	0	–	–	0
Li Yinhui	Vice President	250,000	0	11.35	14.86	0	–	–	0
Yu Ya	Vice President	250,000	0	11.35	14.86	0	–	–	0
Zhang Baoqing	Vice President	250,000	0	11.35	14.86	0	–	–	0
Yu Yuqun	Secretary to the Board of Directors	250,000	0	11.35	14.86	0	–	–	0
Jin Jianlong	General Manager of Financial Department	250,000	0	11.35	14.86	0	–	–	0
Zeng Beihua	General Manager of Capital Management Department	250,000	0	11.35	14.86	0	–	–	0
Total	–	3,450,000	0	–	–	0	0	–	0

4. Remuneration Policy of the Senior Management

The remuneration policy of the Senior Management of the Company shall be subject to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board of Directors". 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.

V. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Type	Date	Reason
Ding Huiping	Independent Non-executive Director	Retired upon expiration of the appointment term	28 June 2013	Expiration of appointment term
Jin Qingjun	Independent Non-executive Director	Retired upon expiration of the appointment term	28 June 2013	Expiration of appointment term
Xu Jing'an	Independent Non-executive Director	Retired upon expiration of the appointment term	28 June 2013	Expiration of appointment term
Feng Wanguang	Staff Supervisor	Retired upon expiration of the appointment term	28 June 2013	Expiration of appointment term
Li Kejun	Independent Non-executive Director	Elected	28 June 2013	Elected
Pan Chengwei	Independent Non-executive Director	Elected	28 June 2013	Elected
Wong Kwai Huen, Albert	Independent Non-executive Director	Elected	28 June 2013	Elected
Wang Xingru	Non-executive Director	Retire	18 July 2013	Resigned
Lv Shijie	Supervisory	Retired	18 July 2013	Resigned
Wu Shuxiong	Non-executive Director	Elected	27 September 2013	Elected
He Jiale	Supervisor	Elected	27 September 2013	Elected as the Chief Supervisor on 14 October 2013
Xu Minjie	Vice-chairman	Retired	8 November 2013	Resigned
Li Ruiting	Staff Supervisor	Retired	2 December 2013	Resigned
Xiong Bo	Staff Supervisor	Elected	4 December 2013	Elected

VI. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AFTER THE END OF THIS YEAR

The first extraordinary general meeting of the Company in 2014 held on 7 March considered and approved the appointment of Mr. Zhang Liang as a non-executive Director of the Company. On the same day, the fifth session of the seventh Board of Director of the Company in 2014 considered and approved the appointment of Mr. Zhang Liang as the vice chairman and a member of the Strategic Development Committee.

VII. CHANGES OF CORE TECHNICAL GROUP OR KEY TECHNICIANS DURING THE REPORTING PERIOD (EXCLUDING DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT)

During the Reporting Period, core technical group or key technicians (excluding Directors, Supervisors and Senior Management) remain unchanged.

VIII. EMPLOYEES OF THE COMPANY

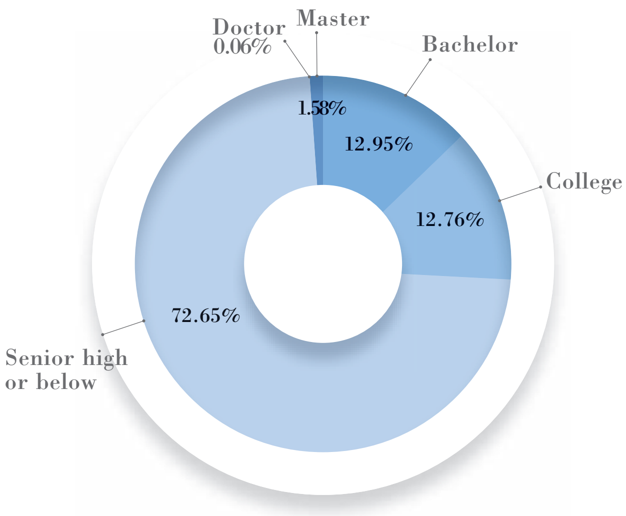
As at 31 December 2013, the Group had a total of 57,686 employees.

Number of in-service employees	57,686
Number of retired employees whose expense should be assumed by the Company	0

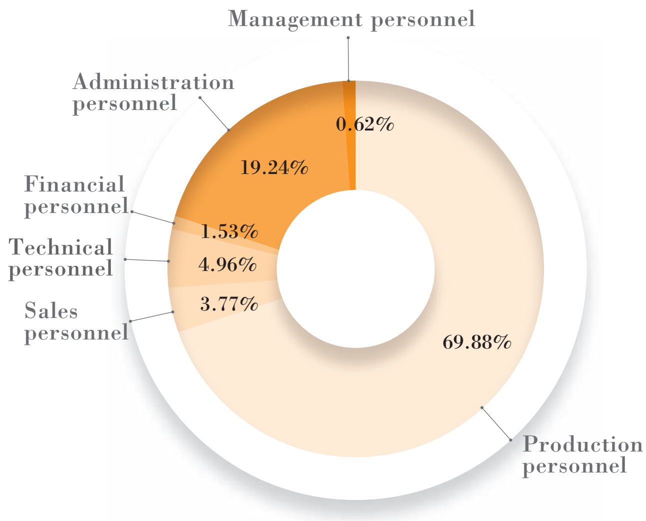
Profesional composition Composition	Number of employees	Percentage of total no. of employees (%)
Management personnel	353	0.62%
Production personnel	40,317	69.88%
Sales personnel	2,179	3.77%
Technical personnel	2,861	4.96%
Financial personnel	878	1.53%
Administration personnel	11,098	19.24%

Education background Composition	Number of employees	Percentage of total no. of employees (%)
PHD	34	0.06%
Master	907	1.58%
Bachelor	7,474	12.95%
College	7,367	12.76%
Senior high school or below	41,904	72.65%

EDUCATION BACKGROUND



PROFESSIONAL COMPOSITION



IX. EMPLOYEE WELFARE PLANS

Details on employee welfare plans of the Company are set out in notes II.24 and V.28 to the financial statements prepared in accordance with CAS in this annual report.

Chapter 10 Corporate Governance and Corporate Governance Report

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 avoid undue repetitions and to keep the presentation lucid, a cross- referencing approach has been adopted.

PART I: CORPORATE GOVERNANCE WORK REPORT (PREPARED IN ACCORDANCE WITH PRC SECURITIES REGULATORY REQUIREMENTS)

I. Situation of Corporate Governance

During the Reporting Period, the Company constantly enhanced the Company's corporate governance and improved its standardized operation in strict compliance with the requirements of laws and regulations including the PRC Companies Law, Corporate Governance Guidelines for Listed Companies, Guidance Opinion on Establishing a System of Independent Directors in Listed Companies, Rules of General Meetings of Listed Companies and Guidelines on the Articles of Association of Listed Companies. In accordance with a series of rules and regulations of the Company such as the Rules of Procedure for Shareholders' Meeting, the Rules of Procedure for Board of Directors and the Rules of Procedure for Supervisory Committee, the Company implemented corporate governance by giving full play to the role of Board committees, which ensured the due performance of functions and responsibility of the general meeting, the Board of Directors and the Supervisory Committee and the effective safeguarding of the interests of the shareholders and the Company. Thereby, the Company preliminarily established a corporate governance structure which is in line with the requirements of management of modern enterprise.

In accordance with standards for the corporate governance of listed companies by CSRC, CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company communicated proactively with relevant regulatory authorities, positively and timely completed corporate governance rectification, special inspection and system establishment as required by relevant regulatory authorities, and promptly gave feedbacks as required. The Company has received a public recognition for its promotion of self-disciplined works from CSRC Shenzhen Bureau in the fifth successive year.

During the Reporting Period, the Company went through the 2013 Special Examination on the taxation of key tax source enterprises conducted by State Administration of Taxation. As the management of the Company paid high attention to the examination, the Company completed the examinations of the SAT and provincial and municipal taxation authorities in stages through unified deployment and hierarchical setting up of special tax examination groups in the Company and the active cooperation with various enterprises, and won recognition from the tax authorities of different levels. At the same time, the tax risk prevention mechanism and tax compliance were enhanced in the Company and its domestic subsidiaries.

In 2013, the Company continued to place emphasis on and committed to improving investor relations management by, in the interest of small and medium investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with shareholders and investors. In June 2013, the Company received the large-scale collective research involving multiple securities brokers, funds and other institutional investors, which visited the Company's production bases for its offshore engineering equipment, heavy truck, energy and chemical equipment businesses. In September 2013, the Company participated in the activity of "Online Interactive Platform Open Day for Investors of Shenzhen-listed Companies" hosted by CSRC Shenzhen Bureau, the Association of Shenzhen-Listed Companies, and Shenzhen Securities Information Co., Ltd, and strengthened the communication and interaction with small and medium investors and shareholders. The Company achieved good communication effect and customer satisfaction through a continuous, comprehensive, in-depth and multi-level communication.

There are no differences between Corporate Governance and 'Company Law" and relevant requirements of China's Securities Regulatory Commission

Development of special activities of corporate governance, and the formulation and implementation of registration and management system of insiders

The Company has established an Insider Registration and management System according to various securities regulatory requirements and has revised the above system in 2011. 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 respect of implementation of inside information and insider management system, the Company 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. Self-examination result shows that no insiders has used any inside information to trade the Company's shares before disclosure of major sensitive information affecting the Company's share price in 2013. During the Reporting Period, no unpublished information was submitted to substantial shareholders by the Company.

II. Relevant Situations of Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period

1. Annual General Meeting Convened during the Reporting Period

Session of meeting	Date	Name of proposal	Resolution	Disclosure date	Disclosure index
2012 Annual General Meeting of China International Marine Containers (Group) Co., Ltd.	28 June 2013	(1) "Annual Work Report of Board of Directors of 2012" (2) "Annual Work Report of Board of Supervisors of 2012" (3) 'Annual Report of 2012' (4) "Pre-Plan of Annual Profit Distribution and Dividends of 2012" (5) 'Proposal for employing accounting firm", (6) "Proposals for providing grant of bank credit and project to the subsidiaries in 2013 " (7) "Proposals for CIMC Vehicle (Group) Co., Ltd. and its subsidiaries to provide credit guaranty to their affiliated dealer and clients" (8) "Proposals for CIMC Vehicle (Group) Co., Ltd. to provide credit guarantee of bank credit to its subsidiaries" (9) "Proposals that the ' CIMC Group Finance Co., Ltd. applies to manage overseas guarantee business for member companies of the group" (10) "Proposals for submitting to the General Meeting for approval of the continuous connected transaction with COSCO Pacific Limited and newly revised annual trade limit" (11) "Proposal for electing directors of the 7th Board of Directors". (12) "Proposals for electing the independent directors of 7th Board of Directors" (13) "Proposals for electing supervisors of representative shareholders of the 7th Board of Supervisors (14) "Proposals for the General Meeting to give ordinary authorization to the Board of Directors on issuing the shares" (15) "Proposal for revising 'Rules of Procedure of the General Meeting'". (16) "Proposals for revising 'Rule of procedures of the Board of Directors'" (17) "Proposals for revising 'Rules of Procedures of the Board of Supervisors'"	Considered and reviewed one by one	29 June 2013	Cninfo website (http://www.cninfo.com.cn/) Hong Kong Stock Exchange website (http://www.hkexnews.hk)

2. Extraordinary General Meeting Convened during the Reporting Period

Session of meeting	Date	Name of proposal	Resolution	Disclosure date	Disclosure index
The first Extraordinary General Meeting of China International Marine Containers (Group) Co., Ltd. in 2013	27 September 2013	(1) 'Proposals for re-electing Mr. Wu Shuxiong as the Director of the 7th Board of Directors' (2) "Proposals for reelecting Mr. He Jiale as the Supervisor of the 7th Board of Supervisors"	Considered and reviewed one by one	28 September 2013	Cninfo website (http://www.cninfo.com.cn/) Hong Kong Stock Exchange website (http://www.hkexnews.hk)

III. Performance of Independent Non-executive Directors' Duties during the Reporting Period

In 2013, the independent non-executive Directors of the Company were committed to strictly and diligently performing their duties in accordance with the relevant domestic and overseas laws and regulations and the Articles of Association. During the Reporting Period, they reviewed the proposals and relevant documents presented by the Company and actively participated in the meetings of the Board of Directors and special committees of the Board (please refer to the section headed "Directors' Report" of this annual report for detailed information on the attendance of the meetings) They expressed their views objectively and independently protecting the interests of the independent shareholders and played a part in the checks and balances of the decision making process of the Board. Independent non-executive Directors reviewed regular reports of the Company diligently. They had discussions with external auditors in regular and special meetings before and after their year-end auditing works. Such meetings were held prior to the Board meetings. During the Reporting Period, the independent Non-executive Directors of the Company did not object to any motions, resolutions and other matters discussed at the meetings of the Board.

1. Independent Non-executive Directors' attendance to the Board of Director and the General Meeting

	Independent Non-executive Directors' attendance to the Board of Director					
Name of Independent Non-executive Director	Attending times to the Board of Directors	Attendance times	Attending times by means of telecommunication	Entrusted attendance times	Absence times	Not personally attend two consecutive meetings
Ding Huiping	5	2	3	0	0	No
Jin Qingjun	5	2	3	0	0	No
Xu Jing'an	5	2	3	0	0	No
Li Kejun	11	3	8	0	0	No
Pan Chengwei	11	3	8	0	0	No
Wong Kwai Huen, Albert	11	3	8	0	0	No

During the Reporting Period, the Independent Non-executive Directors attended the shareholders' general meeting once.

2. Independent Non-executive Directors' opposition to relevant proposals of the Company

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

3. Other descriptions on performance of Independent Non-executive Directors' duties

During the Reporting Period, the Company did not reject any relevant proposals given by the Independent Non-executive Directors

IV. Duty Performance of Special Committees of Board of Directors during the Reporting Period

The Board of Directors set up four special committees, i.e. Audit Committee, Remuneration and Appraisal Committee, Strategic Development Committee, and Nomination Committee. Those special committees will conscientiously perform their duties in accordance with "Governance Guidelines of Listed Company", "Articles of Associations", "Rules of Procedures of the Board of Directors" and the authorities and obligation endowed by the implement rules of each special committee.

During the Reporting Period, the meetings of each special committee under the Board of Directors can be seen in "3. Special Committees of the Board" of "Part II: Corporate Governance Report Prepared in Accordance with the Requirements of the Hong Kong Listing Rules" in this Chapter.

V. Operation of the Supervisory Committee

The Supervisory Committee did not discover risks of the Company in the supervision during the Reporting Period

The Supervisory Committee has no objections to the supervision matters during the Reporting Period.

VI. Independence of the Company from its substantial Shareholders in respect of business, personnel, asset, organizational structure and finance

The substantial shareholders of the Company are China Merchants Group and COSCO. The Company is independent from its substantial shareholders in respect of our business, personnel, asset, organizational structure and finance, and independently assume the responsibilities and risks. (i) Personnel; the labor, personnel and salary management institution of the Company are independent, the system is complete, and the personnel is completely independent of the substantial shareholders, the senior management of the Company has no dual offices in shareholders' companies, and all of them are paid by the listed company; the financial personnel of the Company has no part-time job in associated companies. (ii) Assets; the property rights between the Company and the substantial shareholders are clear, with complete procedures, and the property rights is managed by the Company independently, the substantial shareholders do not occupy or govern the assets nor interfere with the listed company on operating management of the assets. (iii) Finance: the finance department, financial accounting system, financial management system and bank account are independent, and pay the taxes independently. (iv) Institutions: the Board of Directors, the board of supervisors and other internal institutions are complete and operate independently. The substantial shareholders perform its rights according to the law and assume the corresponding obligations, and don't directly or indirectly interfere with the business activities of the Company exceeding the Board of Directors; (v) Business: the production system, purchase system auxiliary production system and sales system are complete. The Company is totally independent, holding the intangible assets such as industrial property, trademark, non-patient technology, etc. During the Reporting Period, the Company didn't provide undisclosed information and other non-standard governance problems to the substantial shareholders and actual controllers

The Company is independent from its substantial shareholders, China Merchants Group Limited and COSCO, in respect of our business, personnel, asset, organizational structure and finance. The Company has independent and comprehensive business operations and management capabilities.

VII. Horizontal Competitions

The Company and the subsidiary of controlling shareholder of the biggest shareholder – China Merchants Group have horizontal operation, that is to say marine engineering business, one of the businesses of the Group, is the same or similar to that of China Merchants Group – controlling shareholder of our biggest shareholder, which constituted a certain horizontal competition relationship to some extent. The main reason is that the subsidiary of the controlling shareholder of our biggest shareholder – China Merchants Group has entered and developed marine engineering equipment business earlier than the Company, and the Company entered marine engineering equipment market via purchasing Yantai Raffles, and put marine engineering equipment business as one of the core business of the Company. But the China Merchants Group is not the controlling shareholder of the Company. The Company will keep communication and coordination with the substantial shareholders, so as to avoid direct competition among the positioning of business development, leading products, target market, etc.

The container business of the Group has relations with the subsidiaries of China Shipping Ocean Company in product sales and purchases, for more details, please refer to the section about connected transactions in Note VI.5 to the financial statement prepared in accordance with the Accounting Standards for Business Enterprises of PRC in this Annual Report.

VIII. 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 of Director has formulated the"Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board of Directors", 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.

On 17 September 2010, "Revision (Draft) of Stock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd." of the Company was passed on the first Extraordinary General Meeting in 2010. The Company proposed incentive plan of the stock option of A share, relevant information can be seen in "IV Implementation and Effect of Stock Rights Incentives of the Company in the Reporting Period" in "Section 7 Significant Events'.

Stock option incentive plan is conducive to the interest share and restriction mechanism between shareholders, management group and key staffs; the management can balance short-term target and long-term target better; absorb and maintain excellent management personnel and business backbones; continue to create the incentive value, ensure the long-term stable development of the Company and reinforce the competitiveness of the Company.

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

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

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of the code provisions A.1.1, A.6.7, A.2.7 and A.5.6, the details of which and its considerations have been disclosed in the 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 as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules (the "Model Code"). 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. Composition and Meetings of the Board of Directors

1. Composition of the Board of Directors and the attendance rate

Pursuant to the provisions of Articles of Association of the Company, the Board of Directors shall convene at least four meetings each year. In 2013, the Board of Directors of the Company convened 16 meetings, including 3 on-site meetings and 13 meetings held in a way of written review resolutions. In 2013, the attendance of all directors to the Board meetings is as follows:

Name	Positions	Attendance Rate (%)
Li Jianhong	Chairman and Non-executive Director	100
Xu Minjie	Vice Chairman and Non-executive Director (Until 8 November 2013)	100
Mai Boliang	Executive Director and President	100
Wang Hong	Non-executive Director	100
Wu Shuxiong	Non-executive Director	100
Wang Xingru	Non-executive Director (Until 18 July 2013)	71
Ding Huiping	Independent Non-executive Director (Until 28 June 2013)	100
Jin Qingjun	Independent Non-executive Director (Until 28 June 2013)	100
Xu Jing'an	Independent Non-executive Director (Until 28 June 2013)	100
Li Kejun	Independent Non-executive Director	100
Pan Chengwei	Independent Non-executive Director	100
Wong Kwai Huen, Albert	Independent Non-executive Director	100

2. The Convening of Board Meetings and the Resolution Considered

The Board of Directors of the Company convened 16 meetings of Board of Directors and 18 meetings of special Board committees and passed 29 resolutions of the Board of Directors and 20 letters of opinions from Board committees during the Reporting Period.

Name of Meeting	Date of meeting	Resolutions considered
The 1st meeting of the 6th session, 2013	31 January 2013	Resolution on injecting the equity of CIMC Tianda to reversely merge Pteris Global Limited
The 2nd meeting of the 6th session, 2013	21 March 2013	1. The 2nd meeting of the 6th session of Board of Directors 2013 2. Resolution on 2013 financing arrangements 3. Resolution on the application for the destruction of part of the 1981-1993 accounting files 4. Resolution on the request for approval of the general meeting on continuing connected transactions with COSCO Pacific Limited and the newly-revised annual transaction cap 5. Resolution on the implementation of daily connected transactions of 2012
The 3rd meeting of the 6th session, 2013	23 April 2013	1. Resolution on the application of CIMC Group Finance Co., Ltd.to handle external guarantee business for members of the Group 2. Resolution on credit guarantees provided by CIMC Vehicle (Group) Co., Ltd. and its subsidiaries for their dealers and customers 3. Resolution on guarantees provided by CIMC Vehicle (Group) Co., Ltd. for its subsidiary on bank credit 4. Resolution on guarantees for subsidiaries on 2013 bank credit and project 5. Resolution on the 3rd meeting of the year 2013
The 4th meeting of the 6th session, 2013	26 April 2013	Resolution on the first quarter report of 2013
The 5th meeting of the 6th session, 2013	28 June 2013	Minutes
The 1st meeting of the 7th session, 2013	28 June 2013	Resolution on the 1st meeting of the year 2013
The 2nd meeting of the 7th session, 2013	5 July 2013	Resolution on guarantees for associates on 2013 bank credit
The 3rd meeting of the 7th session, 2013	29 July 2013	Resolution on injecting the equity of CIMC Tianda to merge Pteris Global Limited
The 4th meeting of the 7th session, 2013	9 August 2013	Resolution on the 4th meeting of the year 2013
The 5th meeting of the 7th session, 2013	16 August 2013	Resolution on the 5th meeting of the year 2013

Name of Meeting	Date of meeting	Resolutions considered
The 6th meeting of the 7th session, 2013	27 August 2013	Resolution on the interim report of the year 2013
		Resolution on additional guarantees for subsidiaries on 2013 bank credit and project
The 7th meeting of the 7th session, 2013	11 September 2013	Resolution on the adjustment of exercise price of share option incentive plan
The 8th meeting of the 7th session, 2013	14 October 2013	Resolution on the consideration of members of special committees of the Board of Directors
The 9th meeting of the 7th session, 2013	29 October 2013	Resolution on the third quarter report of the year 2013
The 10th meeting of the 7th session, 2013	7 November 2013	1. Resolution on the acquisition of Germany fire and rescue vehicle enterprise Albert Ziegler Group 2. Resolution on the provision of debt restructuring for Pteris Global Limited
The 11th meeting of the 7th session, 2013	23 December 2013	1. Resolution on granting exercise right to incentive target of share options of A shares granted on 28 September 2010 2. Resolution on the consent to elect Mr. Zhang Liang as the candidate for the 7th Board of Directors 3. Resolution on matters related to non-public issue of overseas listed foreign shares (H shares) of China International Marine Containers (Group) Co., Ltd. in accordance with general mandate

Code A.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals." During the reporting period, the Company held 16 board meetings and three of which were regular meetings. During the management and monitoring of business operations, executive Directors from time to time decide to propose holding meetings for important business and administrative matters. Therefore, some of the decisions are made by all the directors by way of written resolutions. The Directors believe that the fairness and effectiveness of the decision-making process related to business needs have been adequately ensured. Going forward, the company will strive to practice good corporate governance practices.

Code A.6.7 requires that "Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders." Independent non-executive Directors failed to attend the First Extraordinary General Meeting of 2013 held on 27 September 2013 due to engagement in other important businesses.

Code A.2.7 requires that "The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present." The Company has only one executive Director and the Company's business operation is managed and monitored by the executive Director. The Directors consider that during the reporting period there is no meeting which the executive Director needs to be avoided. Therefore, the Company has not held a board meeting without the executive Director present during the reporting year.

Code Provision A.5.6 stipulates that "The Nomination Committee (or the Board) should have a policy concerning diversity of the board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report." Although the written policy regarding diversity of the directors has not yet been formally adopted during the reporting period, the Board considers that the Company's existing practices have covered requirements on diversity of the Board members, and the Company has revised the working guidelines for the Nomination Committee on March 25, 2014, which clarified the policy of diversity of the board members, i.e. the selection of candidates for the board of directors will be based on a diverse range of areas, including, 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, 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.

3. Operation of the Board of Directors

The Company's Board is elected by the shareholders' general meeting of the Company through voting and is held accountable to the shareholders' general meeting. The primary responsibilities of the Board of Directors 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. In accordance with the Articles of Association or as authorised by the shareholders, the Board of Directors makes decisions on certain important matters, including strategic proposals and medium-to-long term planning; annual business plans and investment plans; annual financial budgets; annual criteria for assessment of the performance of members of working units of the Company and annual remuneration plans; interim and annual financial reports; preliminary distribution plans in respect of interim profit and full year profit; and material issues involving development, and acquisition or corporate reorganisation of the Company. The Directors and the Board of Directors carry out corporate governance duties in respect of the Company in a serious and responsible manner. The Directors are elected strictly following the procedures for election and appointment of Directors provided for in the Articles of Association. The Directors attend Board meetings in a serious and responsible manner, perform their duties as Directors seriously and diligently, make important decisions concerning the Company, appoint and supervise the members of the operation units of the Company.

The Company has established a system of independent non-executive Directors. There are three independent non-executive Directors in the Board of Directors, which satisfied the minimum number of independent non-executive Directors required under the Hong Kong Listing Rules. The Company has received a confirmation of independence from each of the 3 independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the 3 independent non-executive Directors are completely independent of the Company, its substantial shareholders and its connected persons and comply fully with the requirements concerning independent non-executive Directors under the Hong Kong Listing Rules. Mr Pan Chengwei, an independent non-executive Director, has appropriate accounting and financial management experience as required under Rule 3.10 of the Hong Kong Listing Rules. Please refer to the section headed "Brief Biography of the Directors" under "Chapter 9: Directors, Supervisors, Senior Management and Employees" for detailed biographies of Mr Pan Chengwei. The 3 independent non-executive Directors do not hold other positions in the Company. They perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations.

The Board of Directors has established the Audit Committee, the Strategic Development Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The main responsibilities of such committees are to provide support to the Board of Directors in the decision-making process. The Directors participating in these special board committees focus on particular issues according to the work allocation and make recommendations on the improvement of the corporate governance of the Company.

4. The Chairman and President

The Chairman and the President of the Company are two different positions with different duties and responsibilities. Mr. Li Jianhong is the Chairman of the Company and Mr. Mai Boliang is the President of the Company.

Pursuant to the Articles of Association, the primary duties and responsibilities of the Chairman are chairing the shareholders' general meetings and convening and chairing meetings of the Board of Directors, responsible for strategic development, inspecting the implementation of Board resolutions, signing certificates of securities issued by the Company, and other duties and power authorised under the Articles of Association and by the Board of Directors.

The primary duties and responsibilities of the President are deciding the overall corporate strategies, managing production and operation, further develop the businesses, organising the implementation of Board resolutions, organising the implementation of annual business plans and investment plans of the Company, formulating plans for the establishment of internal management institutions of the Company, devising the basic management system of the Company, formulating specific rules and regulations of the Company, advising the Board of Directors to appoint or dismiss Senior Vice Presidents, Vice Presidents, the Chief Financial Officer and other senior management personnel, appointing or dismissing management staff other than those that should be appointed or dismissed by the Board of Directors, and performing other duties and power authorised by the Articles of Association and the Board of Directors.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board of Directors and between the Chairman and the President of the Company.

To continue to develop and update their knowledge and skills so as to better perform their responsibilities as directors, the Directors of the Company have attended the relevant trainings offered by legal counsels, the Exchange and CSRC Shenzhen Bureau.

5. Term of Office of Directors

Pursuant to the Articles of Association, the Directors of the Company (including non-executive Directors) shall be elected at the shareholders' general meeting and serve a term of office of three years. Upon the expiry of their term of office, the Directors may be re-elected for another session. The term of office of the independent non-executive Directors shall not exceed six years.

6. Directors' remuneration

Among the eight Directors of the Company, Mr. Mai Boliang was paid by the Company due to his position as President. Other than that, the Company did not pay the non-executive Directors (other than the independent non-executive Directors) during the Reporting Period. As considered and passed by the Board of Directors and shareholders' general meeting, each of the independent non-executive Directors received an allowance of RMB120,000 every year. Other than that, the Company did not provide other remuneration to the independent non-executive Directors during this year. In the review and determination of specific remuneration packages for 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.

7. 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 contract of significance to which the Company or any of its subsidiaries was a party.

(2) Competing Interests of Directors and Supervisors

During the Reporting Period, none of the Directors or Supervisors had any interests in a business that competes or may compete directly or indirectly with the business of the Group.

III. Special Committees of the Board

1. The Remuneration and Appraisal Committee

(1) The Duties and Responsibilities of the Remuneration and Appraisal Committee

The main duties and responsibilities of the Remuneration and Appraisal Committee are: study and formulate evaluation criteria of senior management and perform evaluation and propose remuneration policies and plans; make recommendations regarding the evaluation criteria and remuneration policies of Directors; formulate share incentive plans pursuant to provisions of relevant laws, regulations and normative documents; responsible for the management of share incentive plans, including but not limited to reviews on the qualification of grantees, grant condition and exercise condition; other matters authorized by the Board.

(2) Members of the Remuneration and Appraisal Committee and the Attendance Rate

The Remuneration and Appraisal Committee of the Company comprises five Directors, including three independent non-executive Directors and two non-executive Directors. During the Reporting Period, the Chairman of the Remuneration and Appraisal Committee is Mr. Li Kejun, and the members include Mr. Wang Hong, Mr. Wu Shuxiong, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert.

Members of the Remuneration and Appraisal Committee		Attendance times	Entrusted attendance times
The 6th Session	Mr. Jin Qingjun	2	0
	Mr. Ding Huiping	2	0
	Mr. Xu Jing'an	2	0
	Mr. Wang Hong	2	0
	Mr. Wang Xingru	1	
The 7th Session	Mr. Li Kejun (Chairman)	1	0
	Mr. Pan Chengwei	1	0
	Mr. Wong Kwai Huen, Albert	1	0
	Mr. Wang Hong	1	0
	Mr. Wu Shuxiong	1	0

(3) The work of the Remuneration and Appraisal Committee during the Reporting Period

The Remuneration and Appraisal Committee held 3 meetings during the Reporting Period, and the proposals they deliberated are as follows:

Name of Meeting	Date of meeting	Resolution considered
The 1st meeting of the 6th session, 2013	20 March 2013	Audit opinion on the remuneration disclosed by Directors, Supervisors and Senior Management
The 2nd meeting of the 6th session, 2013	25 June 2013	No resolution.
The 1st meeting of the 7th session, 2013	23 December 2013	Opinion on verifying the list of incentive target of share options of A shares granted on 28 September 2010

2. Nomination Committee

(1) The Duties and Responsibilities of the Nomination Committee

The main duties and responsibilities of the Nomination Committee are to review the structure, size and composition of the Board of Directors at least annually and make recommendations on any proposed changes to the Board to select and nominate any person to be the Director; to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive directors; to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors, and succession planning for directors; to evaluate the Directors' work and make suggestions or recommendations on the replacement of Directors based on the evaluation results (if applicable); and to review the Company's policy on diversity of Board members.

(2) Members of the Nomination Committee and the Attendance Rate

The Nomination Committee comprises three Directors, including two independent non-executive Directors and one independent non-executive Director. The Chairman of the Nomination Committee is Mr. Wong Kwai Huen, Albert, and the members include Mr. Pan Chengwei and Mr. Li Jianhong.

Members of the Nomination Committee	Attendance times	Entrusted attendance times
Mr. Wong Kwai Huen, Albert (Chairman)	2	0
Mr. Li Jianhong	2	0
Mr. Pan Chengwei	2	0

(3) The work of the Nomination Committee during the Reporting Period

The Nomination Committee held 2 meetings during the Reporting Period, and the proposals they deliberated are as follows:

Name of Meeting	Date of meeting	Resolution considered
The 1st meeting of the 7th session, 2013	25 July 2013	Opinion on the nomination of Mr. Wu Shuxiong as candidate of the 7th session of Board of Directors
The 2nd meeting of the 7th session, 2013	23 December 2013	Opinion on the nomination of Mr. Zhang Liang as candidate of the 7th session of Board of Directors by by-election

(4) Amending the Working Rules for the Nomination Committee

Code Provision A.5.6 stipulates that "The Nomination Committee (or the Board) should have a policy concerning diversity of the board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report." Although the written policy regarding diversity of the directors has not yet been formally adopted during the reporting period, the Board considers that the Company's existing practices have covered requirements on diversity of the Board members, and the Company has revised the working guidelines for the Nomination Committee on March 25, 2014, which clarified the policy of diversity of the board members, i.e. the selection of candidates for the board of directors will be based on a diverse range of areas, including, 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, 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.

(5) Procedures and Criteria of Nomination of Directors

Pursuant to the Articles of Association of the Company, election and replacement of Directors shall be proposed to the shareholders' general meeting for approval. The Nomination Committee of the Board of Directors (the Board of Directors), the Supervisory Committee and the Shareholders whose shareholding represents 1% or more of the voting shares of the Company are entitled to make proposals. The Secretariat of the Board of Directors is responsible for preparing relevant procedural documents, including but not limited to recommendation letters, resume of candidates, tables of basic information and letters of resignations, which shall be submitted to the Board of Directors for consideration, and then to the Shareholders' General Meeting for approval upon the consent of the director candidates and qualification review of the Board's Nomination Committee. At the same time, resigning Directors are requested to sign resignation letters. Pursuant to the Articles of Association, the Company is required to give notice of the shareholders' meeting to shareholders in writing 45 days in advance and send a circular to shareholders. Pursuant to Rule 13.51(2) of the Hong Kong Listing Rules, information concerning the name list, resumes and emoluments of the candidates for directorship must be set out in the circular to shareholders to facilitate voting by shareholders. The new Directors must be approved by more than half of the total voting shares held by the shareholders present in person or by proxy at the shareholders' general meeting.

3. Audit Committee

(1) The Duties and Responsibilities of the Audit Committee

The major duties and responsibilities of the Audit Committee of the Company are: making proposals of engaging or replacing external audit firms (including auditing of both financial statements and internal control, hereinafter referred to as the "external audit"); supervising the Company's internal audit system and its implementation; responsible for conducting communication between our internal audit department and external auditors; reviewing the Company's financial information and its disclosures; reviewing the implementation of Company's internal control system and its self-evaluation; conducting a conclusive review and the confirmation of the Company's material defects in respect of internal control; conducting audit on material connected transactions;; and other duties authorized by the Board.

(2) Members of the Audit Committee and the Attendance Rate

During the Reporting Period, the Audit Committee comprises three independent non-executive Directors. The Chairman of the Audit Committee is Mr. Pan Chengwei, and the members include Mr. Li Kejun and Mr. Wong Kwai Huen, Albert.

Members of Audit Committee		Attendance times	Entrusted attendance times
The 6th Session	Mr. Ding Huiping	2	0
	Mr. Xu Jing'an	2	0
	Mr. Wang Xingru	2	0
The 7th Session	Mr. Pan Chengwei (Chairman)	4	0
	Mr. Li Kejun	4	0
	Mr. Wong Kwai Huen, Albert	4	0

(3) The work of the Audit Committee during the Reporting Period

During the Reporting Period, the Audit Committee held 6 meetings. Two of the meetings of the Audit Committee were held by way of written resolution.

Name of Meeting	Date of meeting	Resolution considered
The 1st meeting of the 6th session, 2013	8 March 2013	No resolution
The 2nd meeting of the 6th session, 2013	20 March 2013	1. Audit opinion on the "2012 CIMC internal control self-assessment report" 2. Audit opinion on the implementation of 2012 daily connected transactions 3. Audit opinion on performance evaluation of accounting firm and proposal of audit agency for 2013 4. Audit opinion on the request for approval of the general meeting on continuing connected transactions with COSCO Pacific Limited and the newly-revised annual transaction cap 5. Audit opinion on "2012 CIMC Annual Financial Report"
The 1st meeting of the 7th session, 2013	26 August 2013	Audit opinion on 2013 Interim Report
The 2nd meeting of the 7th session, 2013	28 October 2013	Audit opinion on the 3rd Quarter Report of 2013
The 3rd meeting of the 7th session, 2013	23 December 2013, morning	Opinion on matters related to non-public issue of overseas listed foreign shares (H shares) of China International Marine Containers (Group) Co., Ltd. in accordance with general mandate
The 4th meeting of the 7th session, 2013	23 December 2013, afternoon	No resolution

4. Strategy Committee

During the Reporting Period, the Strategy Committee of the Company held various meetings through interview, telephone, email, electrocommunication and other methods to discuss important matters of the Company, keep close contact effectively and make sure the performance of its duties and responsibilities. At the same time, the CIMC investment review committee under the Strategy Committee has also held seven meetings to give full evaluations on the Company's major investments and acquisitions, which provided a strong basis for the decision of the Board.

IV. Shareholders and Shareholders' General Meetings

1. Shareholders' Right

To ensure that all shareholders of the Company enjoy equal rights and exercise their rights effectively, the Company convenes shareholders' general meetings every year pursuant to its Articles of Association.

Pursuant to the Articles of Association, shareholder(s) individually or jointly holding more than 3% of the Company's shares are entitled to propose resolutions to the Company. The shareholder(s) individually or jointly holding more than 3% of the Company's shares are entitled to submit extraordinary resolutions in writing to the Board of Directors 10 days prior to the shareholders' general meeting.Pursuant to the Articles of Association, the shareholder(s) are entitled to supervise the operation of the Company, make recommendation or enquiries to the Company.

During the Reporting Period, for general meetings of the Company convened and the corresponding resolutions passed and approved, please refer to "2. Relevant Situations of Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period" in this Chapter of this report.

2. Attendance rates of the Directors at the shareholders' general meetings are as follows:

Position	Name	Attendance Rate (%)
Chairman and Non-executive Director	Li Jianhong	50%
Vice Chairman and Non-executive Director	Xu Minjie (until 8 November 2013)	100%
Executive Director and President	Mai Boliang	50%
Non-executive Director	Wang Hong	50%
Non-executive Director	Wang Xingru (until 18 July 2013)	0%
Non-executive Director	Wu Shuxiong	0%
Independent non-executive Director	Ding Huiping	100%
Independent non-executive Director	Jin Qingjun	100%
Independent non-executive Director	Xu Jing'an	100%
Independent non-executive Director	Li Kejun	0%
Independent non-executive Director	Pan Chengwei	0%
Independent non-executive Director	Wong Kwai Huen, Albert	0%

The resolutions passed at the above annual and extraordinary shareholders' general meetings, together with relevant details, have been set out in the relevant announcements published on the websites of the SZSE, cninfo (http://www.cninfo.com.cn), Hong Kong Stock Exchange (www.hkexnews.hk) and the Company.

3. The implementation of resolutions of annual general meeting by the Board

All members of the Board have seriously and diligently performed their duties, implemented the resolutions passed at the annual general meeting and accomplished all tasks as authorized by the annual general meeting according to the relevant laws, regulations and rules of the respective jurisdictions where Company's shares are listed and the provisions as set out in the Company's Articles of Association.

4. Requisition by shareholders to convene a general meeting

Pursuant to the Articles of Association of the Company, shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary general meeting or a class shareholders' 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 of Directors to convene a class shareholders' general meeting or extraordinary general meeting and stating the subject of the meeting. If the Board of Directors disagrees with the proposal of convening an extraordinary general meeting requested by such shareholders, such shareholders shall make a written resolution to the Supervisory Committee for convening such an extraordinary general meeting. If the Supervisory Committee agrees to convene such a meeting, a notice of such meeting shall be issued within 5 days upon receipt of the proposal. Changes made to the original proposal shall be approved by the original proposer. If the Supervisory Committee fails to dispatch a notice of the shareholders' general meeting within a prescribed period of time, it shall be deemed that the Supervisory Committee fails to convene and preside over the shareholders' 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 shareholders' general meeting by himself/themselves, provided that prior to the announcement of the resolutions of the shareholders' 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 shareholders for a shareholders' general meeting or a class shareholders' general meeting shall be borne by the Company and shall be deducted from the remuneration paid by the Company to the negligent Directors.

The Company values feedbacks from its shareholders, investors and the public. Enquiries and proposals are welcome and can be submitted to the Company through the following:

By phone:	86 (755) 2680 2706
By fax:	86 (755) 2681 3950
By post:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
By email:	shareholder@cimc.com

V. Supervisors and the Supervisory Committee

The Supervisory Committee of the Company is accountable to the shareholders' general meeting. All of the Supervisors have discharged their duties seriously in accordance with the provisions of the Articles of Association, attended all Board meetings and persistently reported their work to the shareholders' 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, managers and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations.

VI. Directors' Responsibilities in Preparing Financial Statements

The Directors are responsible to review the financial statements in each financial year with the support from the accounting departments, and to ensure that the relevant accounting practices and policies are observed and CAS are complied with in the compilation of such financial statements in order to report the financial position of the Company in a true and fair manner.

Details of the Auditors' reporting responsibilities and the statements of their feedbacks to the financial statements of the Company for the year ended 31 December 2013 are in "Chapter 12 Auditor's Report" of this report.

VII. Continuing Operations

The Directors, having made appropriate enquiries, considered that the Company has adequate resources to continue operations for the foreseeable future and that, for this reason, it is appropriate to adopt the basis of continuing operations in the preparation of the financial statements. If the Directors learn the major uncertain events or situations that may have a strong impact on the sustainable operation capability of the Company, the Directors shall clearly disclose and discuss the uncertain factors in detail in the Corporate Governance Report.

VIII. Remuneration of the Auditors

For information relating to the remuneration received by the auditors for their services to the Company, please refer to the sub-section headed "Engagement and disengagement of accountants" of "Chapter 7 Significant Events" in this annual report.

IX. Company Secretary

The Company Secretary (Mr. Yu Yuqun) shall be responsible for facilitating the Board procedures of the Company and the communications among Directors, between the Directors and the shareholders, and among the management. The resume of the Company Secretary is listed in "I. Brief Biography of the Directors, Supervisors and Senior Management" of "Section 9 Directors, Supervisors, Senior Management and Employees" of this Report. In 2013, the Company Secretary has received trainings more than 15 hours of advancing his professional skills and knowledge.

X. Investor Relations

In 2013, the Company continued to place emphasis on and committed to improving investor relations management by, in the interest of small and medium investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with shareholders and investors. In June, the Company received the large-scale collective research involving multiple securities brokers, funds and other institutional investors, which visited the Company's production bases for its offshore engineering equipment, heavy truck, energy and chemical equipment businesses. In September, the Company participated in the activity of "Online Interactive Platform Open Day for Investors of Shenzhen-listed Companies" hosted by CSRC Shenzhen Bureau, the Association of Shenzhen-Listed Companies, and Shenzhen Securities Information Co., Ltd, and strengthened the communication and interaction with small and medium investors and shareholders. The Company achieved good communication effect and customer satisfaction through a continuous, comprehensive, in-depth and multi-level communication.

XI. Internal Control

The Board of Directors reviewed the internal control system of the Group, and believed that the internal control system for the year ended 31 December 2013 functioned properly. For details about the internal control system of the Company for 2012, please refer to the Chapter 11 "Internal Control" of this Annual Report.

XII. Others

Information on corporate governance, mechanisms for assessment of performance and performance incentives and restrictions of the Company, information disclosure and transparency, the relationship with substantial shareholders, performance of duties by the independent non-executive Directors, professional and ethical code for senior management personnel and code of conduct for staff and workers can accessed on the Company's website at www.cimc.com. You may access such information by following these steps:

1. From our main web page, click "Investor Relations";

2. Next, click "Corporate Governance"; and

3. Finally, click on the information you are looking for.

Chapter 11
Internal Control

I. CONSTRUCTION OF INTERNAL CONTROL

(I) Achievements of internal control during the current year

In 2013, the Company evaluated the operation of the internal control systems of itself and its subsidiaries. The evaluation results were submitted to the Internal Control Committee of the Company for consideration and approval. At the first meeting held by the Internal Control Committee in 2013, the Internal Control Committee heard the internal control working report for 2012 and the working plan for 2013, which was also considered and approved by the Audit Committee of the Board; the Company also organized the relevant operational units to prepare internal control self-assessment reports for 2012. PricewaterhouseCoopers has completed the internal auditing and has issued unqualified opinions on the internal control audit report; the Company has amended its existing internal control system, including the amended Supervisory System of Cadres and Personnel in Sensitive Positions (《幹部及敏感崗位人員監察制度》) and Measures for Economic Responsibility Audit (《經濟責任審計辦法》) being published in July, Internal Audit System (《內部審計制度》), Internal Control System (《內部控制制度》) and Measures for Internal Control Evaluation (《內部控制評價辦法》) being published in August, Provisions on Honest and Clean Conduct of Cadres and Personnel in Sensitive Positions of CIMC (《中集集團幹部及敏感崗位人員廉潔從業規定》) and Administrative Measures of Supervising Complaints and Reports (《監察投訴舉報管理辦法》) being published in December; the Company has convened the first internal control and internal audit meeting in history to have a systematic conclusion on the internal control and internal audit work in 2012 and invited the person-in-charge of internal control in the Ministry of Finance to make thematic speeches.

During the Reporting Period, the Group achieved full coverage of internal controls for all domestic corporate entities, while the majority of the Company's overseas subsidiaries are also covered. Each business unit has formulated monthly plans under the guidance of the Group Headquarters and these plans are being implemented; cooperation is undertaken with specialist functional units to jointly strengthen such specific risk control tasks as corporate merger, procurement business, employment risks, expenditure control, etc.; exchange visits by professional personnel from external organizations are organized to expand sharing of internal controls experience; internally in the Group, a code of conduct for directors and staff personnel is disseminated in an effort to build up a "Sunshine and Transparency" establishment structure, as well as constantly refining the anti-fraud mechanisms. Furthering the four key internal controls tasks of training and development system for internal controls personnel, compiling a hierarchically and functionally defined internal controls manual, internal controls compliance program and risk management: formulate the benchmark criteria for internal controls audit personnel, develop internal controls series of training courses, provide training for internal controls trainers, promote personal development for internal controls personnel; completing compilation of internal controls manuals for 8 corporate entities; completing the accreditation program for internal controls compliance in the first pilot corporate entity, whilst developing and issuing a set of internal controls compliance training courses for "CIMC Group Internal Controls Compliance Program Accreditation Auditing Arrangement" and the relevant standards and detailed implementation rules; on the basis of the exercise in codifying the 2012 pilot KRI indicator system, completing the demand analysis and solution planning in the GRC development feasibility study.

In October 2013, the first provincial-level public body on internal controls – the Guangdong Enterprise Institute for Internal Controls, was founded in Guangzhou. As one of the key founding members of this Institute, China International Marine Containers (Group) Co., Ltd was elected as an associate-director corporation for Guangdong Enterprise Institute for Internal Controls; in December of the same year, China International Marine Containers (Group) Co., Ltd was honored with all three of the "China Listed Company Internal Control Top-100 Prize", "China Listed Company Internal Control Outstanding Leadership Prize", and "China Listed Company Outstanding Internal Control Management Prize" awarded by the China Internal Control Research Center.

(II) Scope of Assessment for Internal Controls

The Company has over one hundred operating wholly-owned and holding subsidiaries in such countries and regions as Mainland China and North America, Europe, Asia, and Australia. According to "Compilation and Reporting Rule No. 21 for Information Disclosure by Publicly Listed Enterprises – General Provisions for Annual Internal Controls Assessment Report" jointly released by the SFC and the Ministry of Finance, we have selected for self-assessment 92 domestic corporate entities including the Group Headquarters and all the revenues-earning entities whose total assets, total revenue and net profits collectively accounted for over 90% of the relevant benchmark indicators of the audited consolidated financial statements for the Group as a whole in 2013. The Group is moving ahead with development of internal controls standards for our overseas subsidiaries, as the overseas subsidiaries will be progressively included into the internal controls assessment.

Due to the fact the Company's business activities are spanning numerous industries and sectors in the aforementioned countries and regions and are gradually taking on a global outlook, there are significant variations in operation and management models, and differing internal controls requirements for each entity, hence, on the basis of the "Application Guidelines for Enterprise Internal Controls" and "Internal Controls Guidelines for SZEC-Listed Companies", the main business activities and subject matters included into the scope of assessment encompassed the 18 application modules mandated by the Basic Criteria for Enterprise Internal Controls plus such internal controls processes as subsidiaries' management, related transaction, information disclosure, production management, intellectual property rights, and so on. Moreover, in consideration of the distinct characteristics of different business activities, the Group has also developed relevant internal controls modules for high-risk business activities, for example, the financial services arm's independent lending activities, bill financing, finance lease, etc.; the development projects, hotel management and so on undertaken by the real estate arm of the Group.

The aforementioned organization units, business activities and subject matters that are included in the assessment encompass the key facets of the operations of the Group Headquarters, the various business arms, and operational management of the domestic subsidiaries, and there is no significant omission.

(III) The Basis for the Internal Controls Assessment Tasks and Criteria for Identifying Internal Controls Deficiency

The Company strictly follows the requirements in "Basic Criteria for Enterprise Internal Controls", "Enterprise Internal Controls Assessment Guidelines" jointly issued by the five central government bodies, as well as the Group's own "CIMC Group Internal Controls Assessment Arrangement" to actively conduct internal controls assessment according to the principles of functionally defined management and hierarchical reporting. Such methods as individual interviews, walkthrough exercises, and sampling tests were adopted during the assessment process to widely gather evidence on the effectiveness of the internal controls designs for the enterprises under assessment, analyzing and identifying any design and operational deficiencies on the internal controls designs, as well as drawing up a working blueprint to record the contents of the assessment tasks including essential elements of the assessment, the main risk factors, adopted control measures, relevant supporting materials, and the assessment results and so on.

Chapter 11
Internal Control

In accordance to the requirements for identifying significant deficiency, important deficiency and general deficiency as set out in the Criteria Benchmarks for Enterprise Internal Controls and by also taking into consideration such factors as the assessed entity's scale, industry characteristics, corporate strategic objectives, risk aversion, risk tolerance and so on, the Group's Board of Directors would differentiate between financial statement internal controls and non-financial statement internal controls to draw up the deficiency identification criteria appropriate for the assessed entity's internal controls approaching from the two dimensions of quantitative benchmark and qualitative benchmark and to ensure consistency with previous years. The Group has determined the internal controls deficiency identification criteria to be the following:

1. Financial Statement Internal Controls Deficiency Identification Criteria

(1) The Group determines the quantitative benchmark for assessing financial statement internal controls deficiency as the following:

On the basis of the data presented on the annual consolidated financial statements, the quantitative benchmark for severity of consolidated financial statements reporting errors (including omissions) by listed company is determined:

Category of Deficiency	Quantitative Assessment Benchmark for Financial Statement Internal Controls Deficiency (The erroneously reported amounts in financial statements fall between the following range)
Significant Deficiency	1. Erroneously reported amounts >= 0.5% of total sales revenues; 2. Erroneously reported amounts >= 5% of total profits; 3. Erroneously reported amounts >= 1% of total assets; 4. Erroneously reported amounts >= 1% of total stakeholders' interests.
Important Deficiency	1. 0.1% total sales revenues <= erroneously reported amounts < 0.5% of total sales revenues; 2. 1% total profits <= erroneously reported amounts < 5% of total profits; 3. 0.2% total assets <= erroneously reported amounts < 1% of total assets; 4. 0.2% of total stakeholders' interests <= erroneously reported amounts < 1% of total stakeholders' interests.
General Deficiency	1. Erroneously reported amounts < 0.1% of total sales revenues; 2. Erroneously reported amounts < 1% of total profits; 3. Erroneously reported amounts < 0.2% of total assets; 4. Erroneously reported amounts < 0.2% of total stakeholders' interests.

(2) The Group determines the qualitative benchmark for assessing financial statement internal controls deficiency as the following:

Category of Deficiency	Qualitative Assessment Benchmark for Financial Statement Internal Controls Deficiency
Significant Deficiency	1. Discovery of acts of irregularity by director, councilor or management executive that caused significant impacts on the financial statements; 2. Amendment to published financial statements to reflect correction to significant reporting error due to mistakes or irregularities; 3. The presence of significant reporting error affecting the current financial statements remain undetected by the assessed entity's internal controls systems, but it was discovered by auditor; 4. Significant deficiency that has been reported to the management and the Board of Directors but remain 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; 5. Ineffective monitoring on internal controls by the Audits Committee and the Internal Controls Auditing Unit.
Important Deficiency	Deficiencies 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 deficiencies: • Internal controls on the choice and application of accounting policies according to commonly recognised accounting standards; • Anti-fraud procedures and controls; • Internal controls on unconventional or non-systematic transactions; • Internal controls on end-period financial reporting processes; • Internal controls on information systems relating to financial reporting; • Failure in compliance supervisory functions that can have a major impact on the reliability of the financial statements; • Penalty sanctions by the state authorities but which have not impacted negatively on the assessed entity's regular reporting disclosure; • For companies that are required to put in place internal auditing or risk assessment functions for effective monitoring, the failure of such functions.
General Deficiency	Penalty sanctions by provincial (inclusive) or lower level authorities but which have not impacted negatively on the assessed entity's disclosure for regular reporting.

2. Non-Financial Statement Internal Controls Deficiency Identification Criteria

(1) The Group determines the quantitative benchmark for assessing non-financial statement internal controls deficiency as the following:

Category of Deficiency	Quantitative Assessment Benchmark for Non-Financial Statement Internal Controls 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; 2. Continuous interruption of normal service 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.
Important Deficiency	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. 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.
General Deficiency	1. Failure to perform annual maintenance and update internal controls system documentation, and failure to retain a full set of working papers for internal controls sampling checks; 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.

(2) The Group determines the qualitative benchmark for assessing non-financial statement internal controls deficiency as the following:

Category of Deficiency	Qualitative Assessment Benchmark for Non-Financial Statement Internal Controls Deficiency
Significant Deficiency	1. The assessed entity's business activities in serious violation of the laws and regulations of the state; 2. Non-compliance in major policy decisions, substantive matters, appointment and dismissal of key personnel, as well as the decision processes for large sum payments.
Important Deficiency	1. Important deficiencies remain un-rectified after being reported to the management and after lapse of a reasonable period; 2. Patented technology or proprietary technology being 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 market position.
General Deficiency	Patented technology or proprietary technology being infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but the effect is minimal.

(IV) Notes on Other Substantive Matters Relating to Internal Controls

In the wake of ever demanding external compliance requirements and the occurrence of such changes as internal upgrades, functionally defined management, diversification of business activities, globalization and so on for the Group, internal risk controls and the relevant established arrangements would need to make timely adjustments in the face of changing circumstances, hence further improving the standard of corporate governance, fully implementing and refining the institutional systems for corporate internal controls across the board whilst putting into practice effective supervisory monitoring. China International Marine Containers (Group) Co., Ltd will continue to refine its internal controls systems, furthering efforts in the four key internal controls tasks to coordinate with relevant functional undertakings of the Group, further bolstering risk controls in specialized areas, strengthening standardization and streamlining the business management processes; underpin the effectiveness of the monitoring mechanisms for internal controls whilst expanding the efforts to disseminate a cultural notion for internal controls and cultivating a cultural ambience for internal controls, promoting healthy and sustainable development for the Group, and ensuring attainment of the Group's strategic objectives.

(V) Assessment Conclusions for Internal Controls

According to the findings in identifying the Group's significant deficiency in financial statement internal controls, on the baseline date of the internal controls assessment report, the Group has no significant deficiency in financial statement internal controls. The Board of Directors is of the opinion that, the Group 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 key areas.

According to the findings in identifying the Group's significant deficiency in non-financial statement internal controls, on the baseline date of the internal controls assessment report, the Group has not found any significant deficiency in non-financial statement internal controls.

No factor that would materially affect the assessment conclusion on the effectiveness of the internal controls has come to light between the baseline date and the publication date of the internal controls assessment report.

China International Marine Containers (Group) Co., Ltd will continue to upgrade and refine its internal controls systems, while directing attention into operational outcomes, and strengthening monitoring checks by internal controls in order to provide reasonable guarantees for the authenticity and completeness of financial statements and attainment of the Group's strategic and business objectives at the same time promoting healthy and sustainable development for the Group.

II. STATEMENT OF THE BOARD OF DIRECTORS ON INTERNAL CONTROL RESPONSIBILITIES

The Board of Directors of the Company is responsible for the establishment and full maintenance of internal control system of financial reports.

III. BASIS FOR ESTABLISHMENT OF INTERNAL CONTROL OF FINANCIAL REPORTS

According to Basic Norms for Enterprise Internal Control, Application Guidelines for Enterprise Internal Control and Guidelines for Evaluation of Enterprise Internal Control jointly issued by five ministries and commissions such as CSRC and the Ministry of Finance and based on the actual situation of the Company, the Company formulated Internal Control System of CIMC, Measures for Internal Control Evaluation of CIMC, Operational Guidelines for Sample Tests on Internal Control Evaluation of CIMC, Standards and Framework for the Evaluation on Internal Control Defects of CIMC, Manual of Internal Control of Group Company and other documents about regulations and procedures, and organise professional teams to evaluate the effectiveness of the design and operation of internal control of the companies they belong to in accordance with the aforesaid norms and company regulations and procedures.

IV. INTERNAL CONTROL EVALUATION REPORT

Details of material defects of internal control detected during the Reporting Period in the internal control evaluation report

1. Identification and rectification of defects of internal control detected in the financial statements

   During the Reporting Period, the Company did not have material and significant defects of internal control detected in the financial statements (including the material and significant defects of internal control detected in the financial statements that have not been rectified at the end of the previous year).

2. Identification and rectification of defects of internal control detected in non-financial statements

   During the Reporting Period, no material and significant defects of internal control detected in the non-financial statements (including the material and significant defects of internal control detected in the non-financial statements that have not been rectified at the end of the previous year) were found by the Company

3. No factor that would materially affect the assessment conclusion on the effectiveness of the internal controls has come to light between the baseline date and the publication date of the internal controls assessment report.

Disclosure date of full text of internal control evaluation report	26 March 2014
Disclosure index of full text of internal control evaluation report	http://www.cninfo.com.cn/

V. INTERNAL CONTROL AUDIT REPORT

The paragraphs of opinions on approval in the internal control audit report	
We believe, as at 31 December 2013, the Company and its major subsidiaries maintained effective financial report internal control in all material respects according to Basic Norms for Enterprise Internal Control and relevant provisions.	
Disclosure date of full text of internal control audit report	26 March 2014
Disclosure index of full text of internal control audit report	http://www.cninfo.com.cn/

Accountants firm did not prescribe internal control audit report of nonstandard views.

The internal control audit report prescribed by accountants firm is consistent with the self-evaluation report of the Board of Directors.

VI. ESTABLISHMENT AND IMPLEMENTATION OF ACCOUNTABILITY SYSTEM OF SIGNIFICANT ERRORS IN ANNUAL REPORT

In March 2010, the Company formulated the Accountability System of Significant Errors in Annual Report of CIMC, which was submitted to and adopted by the 8th meeting of the 6th Board of Directors. During the Reporting Period, the Annual Report 2012 is disclosed, no material supplementation of missing information occurred. No material accounting errors correction, results forecast modification and other situations occurred.

普华永道

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All Shareholders of China International Marine Containers (Group) Co., Ltd.:

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. ("the Group"), which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated and company income statements, the consolidated and company statements of changes in shareholders' equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

I. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Group is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

普華永道中天會計師事務所 (特殊普通合夥)
PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center
2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
T: +86 (21) 2323 8888, F: +86 (21) 2323 8800, www.pwccn.com

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Group as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP	Certified Public Accountant	Zhou Wei Ran
Shanghai, the People's Republic of China 25 March 2014	Certified Public Accountant	Cao Cui Li

Chapter 13
Financial Statements Prepared in Accordance with China Accounting Standards

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Consolidated Balance Sheet

	Note	31 December 2013	31 December 2012
ASSETS			
Current assets:			
Cash at bank and on hand	V.1	4,771,047	5,221,539
Financial assets at fair value through profit or loss	V.2	459,679	405,092
Notes receivable	V.3	1,376,286	778,109
Accounts receivable	V.4	10,066,489	8,238,033
Advance to suppliers	V.6	3,393,804	1,213,042
Interest receivable		747	14,410
Other receivables	V.5	2,805,061	2,114,435
Inventories	V.7	15,960,590	18,034,726
Current portion of non-current assets	V.8	1,513,337	1,636,332
Other current assets	V.9	822,628	690,471
Total current assets		41,169,668	38,346,189
Non-current assets:			
Financial assets at fair value through profit or loss	V.2	934	–
Available-for-sale financial assets	V.10	7,342	609,751
Long-term receivables	V.11	2,952,418	2,540,574
Long-term equity investments	V.12	1,576,613	1,913,762
Investment properties	V.13	324,811	183,668
Fixed assets	V.14	13,508,082	11,608,747
Construction in progress	V.15	6,684,619	2,279,993
Intangible assets	V.16	3,699,969	3,273,750
Goodwill	V.17	1,395,938	1,267,162
Long-term prepaid expenses	V.18	96,075	47,947
Deferred tax assets	V.19	856,406	717,797
Other non-current assets	V.20	333,097	203,040
Total non-current assets		31,436,304	24,646,191
TOTAL ASSETS		72,605,972	62,992,380

Chapter 13
Financial Statements Prepared in Accordance with China Accounting Standards

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	31 December 2013	31 December 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	V.23	7,244,780	5,438,407
Financial liabilities at fair value through profit or loss	V.24	1,297	12,856
Notes payable	V.25	1,173,361	989,710
Accounts payable	V.26	7,781,645	7,059,420
Advances from customers	V.27	2,920,888	2,722,482
Employee benefits payable	V.28	2,176,741	2,019,563
Taxes payable	V.29	683,137	747,530
Interest payable	V.30	213,528	203,288
Dividends payable	V.31	197,897	38,747
Other payables	V.32	5,019,498	4,292,597
Provisions	V.33	784,481	753,492
Current portion of non-current liabilities	V.34	2,458,775	1,261,940
Other current liabilities	V.35	1,920,321	–
Total current liabilities		32,576,349	25,540,032
Non-current liabilities:			
Financial liabilities at fair value through profit or loss	V.24	27,166	82,242
Long-term borrowings	V.36	7,761,243	7,641,785
Debentures payables	V.37	6,450,730	6,462,235
Long-term payables	V.38	242,992	145,103
Payables for specific projects	V.39	3,735	4,802
Deferred tax liabilities	V.19	661,200	650,394
Other non-current liabilities	V.40	386,429	348,630
Total non-current liabilities		15,533,495	15,335,191
Total liabilities		48,109,844	40,875,223
Shareholders' equity			
Share capital	V.41	2,662,396	2,662,396
Capital surplus	V.42	707,700	930,482
Surplus reserve	V.43	3,121,288	3,059,836
Undistributed profits	V.44	14,899,313	13,392,795
Difference on translation of foreign currency financial statements		(716,660)	(532,333)
Total equity attributable to shareholders of the company		20,674,037	19,513,176
Minority interests		3,822,091	2,603,981
Total equity		24,496,128	22,117,157
Total liabilities and shareholders' equity		72,605,972	62,992,380

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

Legal representative's authorised person

The person in charge of accounting affairs

The head of the accounting department

Company stamp

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Balance Sheet

	Note	31 December 2013	31 December 2012
ASSETS			
Current assets:			
Cash at bank and on hand	XII.1	389,158	447,387
Financial assets at fair value through profit or loss	XII.2	169,574	177,450
Dividends receivable	XII.3	3,735,275	4,066,711
Other receivables	XII.4	9,137,518	10,860,103
Other current assets		2,731	–
Total current assets		13,434,256	15,551,651
Non-current assets:			
Available-for-sale financial assets	XII.5	–	601,356
Long-term equity investments	XII.6	6,893,865	6,831,621
Fixed assets		127,271	139,120
Construction in progress		720	4,950
Intangible assets		15,238	15,931
Long-term prepaid expenses		4,696	5,649
Deferred tax assets	XII.16	215,029	53,983
Total non-current assets		7,256,819	7,652,610
TOTAL ASSETS		20,691,075	23,204,261

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	31 December 2013	31 December 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	XII.7	–	465,703
Financial liabilities at fair value through profit or loss	XII.8	–	8,987
Employee benefits payable	XII.9	856,016	657,886
Taxes payable	XII.10	10,283	43,493
Interest payable	XII.11	184,734	187,691
Other payables	XII.12	3,547,522	3,574,947
Current portion of non-current liabilities	XII.13	2,135,000	1,257,100
Total current liabilities		6,733,555	6,195,807
Non-current liabilities:			
Financial liabilities at fair value through profit or loss	XII.8	26,865	81,944
Long-term borrowings	XII.14	837,000	3,875,845
Debentures payable	XII.15	5,993,413	5,990,833
Total non-current liabilities		6,857,278	9,948,622
Total liabilities		13,590,833	16,144,429
Shareholders' equity			
Share capital	V.41	2,662,396	2,662,396
Capital surplus	XII.17	8,480	334,259
Surplus reserve	V.43	3,121,288	3,059,836
Undistributed profits		1,308,078	1,003,341
Total equity		7,100,242	7,059,832
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,691,075	23,204,261

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

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As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
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Consolidated Income Statement

		Note	2013	2012
I.	**Revenue**	V.45	57,874,411	54,334,057
	Less: Cost of sales	V.45	48,242,360	44,601,257
	Taxes and surcharges	V.46	507,568	506,040
	Selling and distribution expenses	V.47	1,832,733	1,765,697
	General and administrative expenses	V.48	4,041,552	3,720,704
	Financial expenses-net	V.49	438,992	524,557
	Asset impairment losses	V.52	138,931	537,071
	Add: Profit from changes in fair value	V.50	189,883	58,561
	Investment Income/(loss)	V.51	508,677	(97,851)
	Including: Share of losses of associates and joint ventures		(54,458)	(76,731)
II.	**Operating profit**		3,370,835	2,639,441
	Add: Non-operating income	V.53	274,223	360,365
	Less: Non-operating expenses	V.54	82,338	92,426
	Including: Losses on disposal of non-current assets		34,719	47,569
III.	**Total profit**		3,562,720	2,907,380
	Less: Income tax expenses	V.55	928,222	976,950
IV.	**Net profit**		2,634,498	1,930,430
	Attributable to equity holders of the Company		2,180,321	1,939,081
	Minority interests		454,177	(8,651)
V.	**Earnings per share**			
	(I) Basic earnings per share (RMB)	V.56	0.82	0.73
	(II) Diluted earnings per share (RMB)	V.56	0.81	0.73
VI.	**Other comprehensive income, net of tax**	V.57	(585,401)	58,828
	Items that may be reclassified subsequently to profit or loss			
	Change in value of available-for-sale financial assets-after tax		(408,096)	28,518
	Gain/(loss) of cash flow hedges-after tax		4,326	(5,864)
	Currency translation differences		(181,631)	34,754
	Other comprehensive income		–	1,420
VII.	**Total comprehensive income**		2,049,097	1,989,258
	Attributable to equity holders of the Company		1,592,224	1,997,506
	Minority interests		456,873	(8,248)

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

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As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Income Statement

		Note	2013	2012
I.	**Revenue**	XII.18	192,684	241,531
	Less: Cost of sales	XII.18	–	16
	Taxes and surcharges		34,096	36,563
	General and administrative expenses		513,238	413,366
	Asset impairment losses		(3)	(103)
	Financial expenses-net		211,626	221,789
	Add: Profit from changes in fair value	XII.19	72,896	19,131
	Investment income	XII.20	1,440,535	1,431,996
II.	**Operating profit**		947,158	1,021,027
	Add: Non-operating income	XII.21	1,718	55,259
	Less: Non-operating expenses		1,645	1,254
	Including: Losses on disposal of non-current assets		–	–
III.	**Total profit**		947,231	1,075,032
	Less: Income tax expenses	XII.22	(31,309)	8,271
IV.	**Net profit**		978,540	1,066,761
V.	**Other comprehensive income, net of tax**	XII.23	(407,284)	27,901
	Items that may be reclassified subsequently to profit or loss			
	Change in value of available-for-sale financial assets-after tax		(407,284)	27,901
VI.	**Total comprehensive income**		571,256	1,094,662

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

Legal representative's authorised person

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The head of the accounting department

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As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
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Consolidated Cash Flow Statement

		Note	2013	2012
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		58,823,330	60,176,127
	Refund of taxes and surcharges		1,229,184	2,265,507
	Cash received relating to other operating activities	V.58(1)	627,938	752,053
	Sub-total of cash inflows		60,680,452	63,193,687
	Cash paid for goods and services		47,175,580	51,619,237
	Cash paid to and on behalf of employees		5,222,132	4,794,471
	Payments of taxes and surcharges		2,366,532	1,685,299
	Cash paid relating to other operating activities	V.58(2)	3,166,282	2,851,761
	Sub-total of cash outflows		57,930,526	60,950,768
	Net cash inflows from operating activities	V.59(1)	2,749,926	2,242,919
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		181,565	439,752
	Cash received from returns on investments		841,582	71,934
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		158,004	358,966
	Cash received relating to other investing activities	V.58(3)	264,165	278,719
	Sub-total of cash inflows		1,445,316	1,149,371
	Cash paid to acquire fixed assets intangible assets and other long-term assets		6,929,534	2,087,094
	Cash paid to acquire investments		73,824	325,079
	Net cash paid to acquire subsidiaries and other business units		946,417	296,546
	Sub-total of cash outflows		7,949,775	2,708,719
	Net cash outflows from investing activities		(6,504,459)	(1,559,348)

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	2013	2012
III.	**Cash flows from financing activities**			
	Cash received from capital contributions		184,706	129,303
	Including: Cash received from capital contributions by minority shareholders of subsidiaries		184,706	129,303
	Cash received from borrowings		19,443,628	15,627,848
	Cash received from issuance of debentures		–	2,471,402
	Cash received relating to other financing activities	V.58(4)	2,517,580	416,505
	Sub-total of cash inflows		22,145,914	18,645,058
	Cash repayments of borrowings		16,533,299	18,384,272
	Cash payments for interest expenses and distribution of dividends or profits		1,670,234	2,292,118
	Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		192,223	213,163
	Cash payments relating to other financing activities	V.58(5)	309,444	858,335
	Sub-total of cash outflows		18,512,977	21,534,725
	Net cash (outflows)/inflows from financing activities		3,632,937	(2,889,667)
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		(94,420)	40,355
V.	**Net decrease in cash and cash equivalents**	V.59(1)	(216,016)	(2,165,741)
	Add: Cash and cash equivalents at beginning of year		4,397,512	6,563,253
VI.	**Cash and cash equivalents at end of year**		4,181,496	4,397,512

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

Legal representative's authorised person 

The person in charge of accounting affairs 

The head of the accounting department 

Company stamp 

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Cash Flow Statement

		Note	2013	2012
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		192,745	241,531
	Cash received relating to other operating activities		2,093,429	3,375,532
	Sub-total of cash inflows		2,286,174	3,617,063
	Cash paid for goods and services		2,732	16
	Cash paid to and on behalf of employees		106,708	128,812
	Payments of taxes and surcharges		68,791	59,232
	Cash paid relating to other operating activities		134,581	4,374,140
	Sub-total of cash outflows		312,812	4,562,200
	Net cash outflows from operating activities	XII.24	1,973,362	(945,137)
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		236,437	–
	Cash received from returns on investments		1,785,125	2,816,622
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,279	62,963
	Sub-total of cash inflows		2,025,841	2,879,585
	Cash paid to acquire fixed assets, intangible assets and other long-term assets		6,488	16,301
	Cash paid to acquire investments		136,767	210,114
	Net cash paid to acquire subsidiaries and other business units		152,617	1,951,951
	Sub-total of cash outflows		295,872	2,178,366
	Net cash inflows from investing activities		1,729,969	701,219
III.	**Cash flows from financing activities**			
	Cash received from borrowings		1,586,485	5,617,820
	Sub-total of cash inflows		1,586,485	5,617,820
	Cash repayments of borrowings		4,213,132	3,699,716
	Cash payments for interest expenses and distribution of dividends or profits		1,134,460	1,657,147
	Sub-total of cash outflows		5,347,592	5,356,863
	Net cash inflows from financing activities		(3,761,107)	260,957
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		(405)	–
V.	**Net increase in cash and cash equivalents**	XII.24	(58,181)	17,039
	Add: Cash and cash equivalents at beginning of year		444,913	427,874
VI.	**Cash and cash equivalents at end of year**	XII.24	386,732	444,913

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

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Company stamp

As at 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Consolidated Statement of Changes in Shareholders' Equity

2013

Item	Note	Share capital (Attributable to equity holders of the Company)	Capital surplus	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Minority interest	Total shareholders' equity
I. Balance at 1 January		2,662,396	930,482	3,059,836	13,392,795	(532,333)	2,603,981	22,117,157
II. Movements for the year								
(I) Total comprehensive income								
1. Net profit		–	–	–	2,180,321	–	454,177	2,634,498
2. Other comprehensive income	V.57	–	(403,770)	–	–	(184,327)	2,696	(585,401)
Sub-total of 1&2		–	(403,770)	–	2,180,321	(184,327)	456,873	2,049,097
(II) Capital contribution and withdrawal by owners								
1. Contributions by minority Shareholders		–	–	–	–	–	184,706	184,706
2. Increase in minority interests resulted from acquisition or establishment of subsidiary		–	–	–	–	–	539,362	539,362
3. Decrease in capital surplus resulted from acquisition of minority interest	IV.10	–	(188,790)	–	–	–	(120,654)	(309,444)
4. Decrease in minority interests resulted from disposal of subsidiary	IV.11	–	278,273	–	–	–	258,617	536,890
5. Disposal of subsidiaries(lose control)		–	–	–	–	–	(443)	(443)
6. Decrease in capital surplus resulted from corporate restructuring		–	–	–	–	–	–	–
7. Increase in capital surplus resulted from share option exercised by subsidiary		–	3,299	–	–	–	31,147	34,446
8. Increase in shareholders' equity resulted from share-based payments	VII.2	–	88,206	–	–	–	2,853	91,059
(III)Profit distribution								
1. Appropriation to surplus reserves	V.42	–	–	61,452	(61,452)	–	–	–
2. Profit distribution to shareholders	V.43(1)	–	–	–	(612,351)	–	(134,351)	(746,702)
III. Balance at 31 December		2,662,396	707,700	3,121,288	14,899,313	(716,660)	3,822,091	24,496,128

2012

Item	Share capital (Attributable to equity holders of the Company)	Capital surplus	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Minority interest	Total shareholders' equity
I. Balance at 1 January	2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672
II. Movements for the year							
(I) Total comprehensive income							
1. Net profit	–	–	–	1,939,081	–	(8,651)	1,930,430
2. Other comprehensive income	–	24,003	–	–	34,422	403	58,828
Sub-total of 1&2	–	24,003	–	1,939,081	34,422	(8,248)	1,989,258
(II) Capital contribution and withdrawal by owners							
1. Contributions by minority Shareholders	–	22,352	–	–	–	106,951	129,303
2. Increase in minority interests resulted from acquisition or establishment of subsidiary	–	–	–	–	–	39,347	39,347
3. Decrease in capital surplus resulted from acquisition of minority interest	–	(168,657)	–	–	–	(625,888)	(794,545)
4. Decrease in minority interests resulted from disposal of subsidiary	–	178,916	–	–	–	184,500	363,416
5. Disposal of subsidiaries(lose control)	–	–	–	–	–	–	–
6. Decrease in capital surplus resulted from corporate restructuring	–	(42,696)	–	–	–	42,696	–
7. Increase in capital surplus resulted from share option exercised by subsidiary	–	1,880	–	–	–	16,906	18,786
8. Increase in shareholders' equity resulted from share-based payments	–	115,423	–	–	–	2,856	118,279
(III)Profit distribution							
1. Appropriation to surplus reserves	–	–	106,676	(106,676)	–	–	–
2. Profit distribution to shareholders	–	–	–	(1,224,702)	–	(135,657)	(1,360,359)
III. Balance at 31 December	2,662,396	930,482	3,059,836	13,392,795	(532,333)	2,603,981	22,117,157

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

Legal representative's authorised person

The person in charge of accounting affairs

The head of the accounting department

Company stamp

For the year ended 31 December 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Statement of Changes in Shareholders' Equity

Item	Note	2013 Share capital	2013 Capital reserve	2013 Surplus reserve	2013 Undistributed profits	2013 Total shareholders' equity	2012 Share capital	2012 Capital reserve	2012 Surplus reserve	2012 Undistributed profits	2012 Total shareholders' equity
I. Balance at 1 January		2,662,396	334,259	3,059,836	1,003,341	7,059,832	2,662,396	199,322	2,953,160	1,267,958	7,082,836
II. Movements for the year											
(I) Total comprehensive income											
1. Net profit		–	–	–	978,540	978,540	–	–	–	1,066,761	1,066,761
2. Other comprehensive income	XII.23	–	(407,284)	–	–	(407,284)	–	27,901	–	–	27,901
Sub-total of 1&2		–	(407,284)	–	978,540	571,256	–	27,901	–	1,066,761	1,094,662
(II) Capital contribution and withdrawal by owners											
1. Increase in shareholders' equity resulted from share-based payment	VII.2	–	81,505	–	–	81,505	–	107,036	–	–	107,036
(III) Profit distribution											
1. Appropriation to surplus reserves	V.42	–	–	61,452	(61,452)	–	–	–	106,676	(106,676)	–
2. Profit distribution to shareholders	V.43(1)	–	–	–	(612,351)	(612,351)	–	–	–	(1,224,702)	(1,224,702)
III. Balance at 31 December		2,662,396	8,480	3,121,288	1,308,078	7,100,242	2,662,396	334,259	3,059,836	1,003,341	7,059,832

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

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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] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 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 Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office. On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd".

As at 19 December 2012, the Company's domestically listed foreign shares (B shares) changed listing location and went publication on the main market of the Stock Exchange of Hong Kong through the way of introduction. Henceforth, all the company's B shares converted to overseas listed foreign shares (H shares). After conversion, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.41 for details of the share capital.

The 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; utilizing 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, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group 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.

These financial statements have been approved for issue by the Company's Board of Directors on 25 March 2014.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

In 2014, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, Accounting Standards for Business Enterprises No.40 – Joint Arrangements, Accounting Standards for Business Enterprises No.9 – Employee Benefits(Revised in 2014), Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements(Revised in 2014), Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements(Revised in 2014) and Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment(Revised in 2014). The abovementioned standards will take effect as from 1 July 2014 and overseas listed enterprises are encouraged to implement them in advance. The Company is an A-share and H-share listed company. Therefore, the Group has prepared the financial statements of 2013 in accordance with the first five standards abovementioned in advance (Note II.33). As the date of issue of the last standard is too close to the approval date of the Group's financial statements, the Group has not been able to make assessments on it and therefore it has not been adopted in advance.

2. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2013 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2013 and of their financial performance, cash flows and other information for the year then ended.

3. Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

4. Recording currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and its subsidiaries domiciled in PRC are Renminbi. Hong Kong and the overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi (see Note II.8).

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Accounting treatments for business combinations involving enterprises under and those not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements

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

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

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

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

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

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

Owners' equity of subsidiaries, profit or loss and comprehensive income not attributable to the Company are recorded as minority interests, profit or loss attributable to minority shareholders and comprehensive income attributable to minority shareholders, respectively, and are presented separately within the items of owners' equity, net profit and total comprehensive income in the consolidated financial statements.

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

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction or production of qualifying assets (see Note II.16), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve. The effect of exchange rate changes on cash presented separately in the cash flow statement.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs. 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 presented separately in the cash flow statement.

9. Financial instruments

Financial instruments include cash at bank and on hand, financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, investments in equity securities other than long-term equity investments (see Note II.12), payables, loans, borrowings and debentures payable.

(1) Financial Assets

(a) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

– Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in short term.

– Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

– Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(b) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

Gain or loss arising from change in the fair value of financial assets at fair value through profit or loss is recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Accumulated fair value adjustments of available-for-sale financial assets are recognised in equity except impairment and exchange gains and losses of foreign currency financial assets. When available-for-sale financial assets are disrecognised, the accumulated fair value adjustments recognised in equity are included in the income statement. Interest on available-for-sale securities calculated using the effective interest method and cash dividends on available-for-sale equity instruments when the group's right to receive payments is established are recognised in the income statement as part of other income.

(c) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of impairment loss.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

Objective evidence indicating a financial asset is impaired represents matters actually happen subsequently to the initial recognition of the financial assets and exert influences the financial assets' estimated future cash flows which can be reliably measured by the Group.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(c) Impairment of financial assets (Continued)

Evidence of held-to-maturity equity instrument is impaired comprises a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. The Group assesses all available-for-sale financial assets on an individual basis at each balance sheet date. Impairment loss should be recognised if the fair value of an equity instrument has is than 50% (50% inclusive) of its initial investment cost or in the case that the fair value has been less than the initial investment cost for more than one year(one year inclusive). The Group will consider other relevant factors, such as the price volatility, to determine whether an impairment loss should be recognised for the equity instrument if the decline in the fair value of an equity instrument is more than 20% (20% inclusive) but less than 50% of its initial investment cost.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss. If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is reversed through equity.

A financial assets is derecognised when one of the below criteria is met:

– the contractual rights to receive the cash flows from the financial asset expire;

– 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;

– the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and debentures payable.

Payables, including accounts payable and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(3) Determination of fair value

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. Valuation techniques mainly include market approach and income approach. 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) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Group.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(1) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables.
Method of provision for receivable that are individually significant and impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(2) Receivable that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) Receivables that are assessed for impairment on a collective group basis:

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, airport facilities, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to Offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Road transportation vehicles
Group 3	Energy, chemical, food equipment
Group 4	Airport facilities
Group 5	Logistics services and equipment
Group 6	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an ageing analysis(Overdue aging)
Road transportation vehicles	Provision is determined based on an ageing analysis(Overdue aging)
Energy, chemical, food equipment	Provision is determined based on an ageing analysis(Overdue aging)
Airport facilities	Provision is determined based on an ageing analysis(Overdue aging)
Logistics services and equipment	Provision is determined based on an ageing analysis(Overdue aging)
Other business	Provision is determined based on an ageing analysis(Overdue aging)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) Receivables that are assessed for impairment on a collective group basis:(Continued)

For the above groups, provision is made based on their respective ageing analysis follows:

Ageing	Percentage of total accounts receivable (%) Group 1, 2, 4, 5, 6	Group 3
Within 1 year (inclusive)	5%	0%~5%
1 to 2 years (inclusive)	30%	30%
Over 2 years	100%	100%

(4) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

(3) The underlying factors in the determination of net realisable values of inventories and basis of provision for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised in profit or loss as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of reusable material including low-value consumables and packaging material

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates, as well as the long-term equity investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured.

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 and the Group enjoys the rights only on the net assets of investees. 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. Other long-term equity investments, where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

(1) Determination of investment cost

For long-term equity investments acquired through a business combination: 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 investment 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 investment 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.

(2) Subsequent measurement

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 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(2) Subsequent measurement (Continued)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. 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. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. 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 are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

(3) Basis for determining the existence of 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) Method of impairment testing and measuring

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. For other long-term equity investments which are not quoted in an active market and whose fair value cannot be reliably measured, the excess of its carrying amount over the present value of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognised as impairment loss and cannot be reversed once recognised.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred. An investment property is depreciated or amortised, less its estimated residual value, using the straight line method over its estimated useful life, unless the investment properties are classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives, residual value rate and depreciation/amortisation rate of each class of investment properties are as follows:

	Useful life	Residual value rate (%)	Depreciation/ Amortisation rate (%)
Land use rights	29 – 50 years	–	2% – 3.4%
Plant and buildings	20 – 30 years	10%	3% – 4.5%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the to recognise fixed assets criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). 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, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	Period (years)	Residual value rate	Depreciation Depreciation rate
Plants and buildings	20 – 30 years	10%	3 – 4.5%
Machinery and equipment	10 -12 years	10%	7.5 -9%
Office and other equipment	3 – 5 years	10%	18-30%
Motor vehicles	5 years	10%	18%
Dock, wharf	50 years	10%	1.8%
Offshore engineering equipment	15 – 30 years	10%	3 – 6%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

(4) Basis for identification of fixed assets held under finance leases and related measurement

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) Disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

15. Construction in progress

Construction in progress is measured at actual cost. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation periods (years)
Land use rights	20 – 50
Maritime space use rights	40 – 50
Technological know-how and trademarks	5 – 10
Timber concession rights	20
Customer relationships	3 – 8
Customer contracts	3 – 4

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.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

– it is technically feasible to complete the intangible asset so that it will be available for use or sale;

– management intends to complete the intangible asset, and to use or sell it;

– it can be demonstrated how the intangible asset will generate economic benefits;

– there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

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 entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Long-term prepaid expenses

Long-term prepaid expenses are amortised on a straight-line method within the beneficial period:

Item	Amortisation period
Water and electricity capacity enlargement expenses	5 to 10 years
Rental	2 to 10 years
Others	5 to 10 years

20. Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model 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. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount 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.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. 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.

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.

22. Share-based payments

(1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Share-based payments (Continued)

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

(4) Accounting treatment for share-based payment

– ***Equity-settled share-based payments***

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

– ***Cash-settled share-based payments***

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met.

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

– The significant risks and rewards of ownership of goods have been transferred to the buyer;

– The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(a) Containers and airport facilities sales revenue

The group recognises revenue after receive acceptance certificates from customers.

(b) Road transportation vehicles sales revenue

Sales of road transportation vehicles are divided into sales to domestic customers and sales to overseas customers. As to sales to domestic customers, the Group recognises revenue after customers pick up vehicles. As to sales to overseas customers, the Group recognises revenue after vehicles are loaded to specified ship in specific port assigned by the customer pursuant to contracts.

(c) Real estate sales revenue

After the property is completed and pass the acceptance inspection so as to achieve the delivery conditions according to sales contract, the Group recognises revenue if it receives proof of payment based on sales contract (usually when it receives the initial payment and has arranged the remaining payment schedule).

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition (Continued)

(2) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably:

– If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

– If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognised as contract revenue unless the following contract alteration terms are all satisfied:

– Client accepts and confirms the increased amount generated by contract alteration;

– Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition (Continued)

(3) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

For freight agencies, revenues are recognised at the ship departure date (export) or the arrival date (import). As to land freight agencies, revenues are recognised when goods have arrived at the specified location. For shipping agency: revenues are recognised at the day that ship departures.

(4) Transfer of asset use rights

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

Income from an operating lease is recognised on a straight-line basis over the period of the lease. Income from a financing lease is recognised on real interest method over the period of the lease.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Employee benefits

Employee benefits mainly include all kinds of remuneration such as wages, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds and employee education incurred in exchange for service rendered by employees or compensation to the termination of employment relationship.

(a) Short-term wages

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.

(b) Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. The Group paid the basic pension issuance expenses monthly to designated insurance companies for its employees according to the basis amounts and rates determined by the local regulations. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

(c) The compensation for the termination of employment relationship

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or compensation to encourage employees' voluntary layoffs, which is recognised as a liability and charged to profit or loss on the earlier one when (i) the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and (ii) costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

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 which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period. For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

26. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Deferred tax assets and deferred tax liabilities (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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 difference, and it is probable that the temporary difference will not reverse 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.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

– the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

– they relate to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities which either intend to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively, in the balance sheet.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

28. Assets held for sale

A non-current asset or disposal group is classified as held for sale when meet the following criteria:

– The non-current asset or disposal group could be disposed immediately according to usual terms at present condition;

– The disposal plan has been approved properly;

– An non-cancellable transfer agreement has been signed with the transferee;

– This transfer is expected to be completed within one year;

Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss.

Assets and liabilities of a non-current asset or disposal group which is classified as held for sale are classified as current assets and current liabilities.

A discontinued operation is a component which has been disposed or classified as held for sale of the group's business and the operations and financial reporting of the discontinued operation can be clearly distinguished from the rest of the group and can meet one of the following criteria:

– This component of the business represents a separate major line of business or geographic area of operations;

– This component of the business is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;

– This component of the business is a subsidiary acquired exclusively with a view to resale.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

– at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

– the actual results of offsetting are within a range of 80% to 125%.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting (Continued)

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

– the cumulative gain or loss on the hedging instrument from inception of the hedge;

– The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

Dividends or distributions of 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.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be 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;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and 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 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 and close family members of such individuals;

(k) close family members of key management personnel of the Company's parent; 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Related parties (Continued)

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32. Segment reporting

Reportable segments are identified 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 are 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 financial information regarding financial position, financial performance and cash flows, etc.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Segment reporting (Continued)

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.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amount affected
(a) **Employee benefits**			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 9 – Employee Benefits' (Revised in 2014) issued by Ministry of Finance in 2014. This change in accounting policy does not have any impact on the Group's measurement and disclosure of employee benefits in the financial statements for 2013.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 March 2014.	None	None
(b) **Presentation of financial statements**			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements' (Revised in 2014)' issued by Ministry of Finance in 2014 and the comparative financial statement figures have been adjusted accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 March 2014.	Other comprehensive income	Other comprehensive income for the year ended 31 December 2013 and 2012 amounting to RMB(585,401,000) and RMB58,828,000, respectively, were included in 'Item that may be reclassified subsequently to profit and loss'.
(c) **Fair value measurements**			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 39 – Fair value measurement' issued by Ministry of Finance in 2014. Certain disclosures in relation to fair value have been included in the financial statements for the year ended 31 December 2013 according to this standard. No adjustment to the disclosure in the comparative financial statements is required according to this standard.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 March 2014.	Not applicable	Not applicable
(d) **Consolidated financial statements and joint arrangement**			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 33 – Consolidated Financial Statements' (Revised in 2014) and 'Accounting Standards for Enterprises No. 40 – Joint Arrangement' issued by Ministry of Finance in 2014. These changes in accounting policies do not have any impact both on the Group's financial statements for 2013 and the comparative financial statements.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 March 2014.	None	None

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes V.17, VII.3 and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there has been a change in the factors used to determine the provision for impairment which indicates that the value of the receivables has recovered, the impairment loss recognised in prior years is reversed.

(2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in 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 conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Critical accounting estimates and judgments (Continued)

(3) Impairment of long-term assets

As described in Note II.20, assets such as fixed assets, intangible assets and investment properties are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(4) Depreciation and amortisation of assets such as fixed assets, intangible assets and investment properties

As described in Note II.13, 14 and 17, investment properties, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed 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 the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(5) Warranty provisions

As described in Note V.33, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Critical accounting estimates and judgments (Continued)

(6) Construction contract

As described in Note II.23, 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 physical 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 change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(7) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment 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.

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

III. TAXATION

1. Main taxes categories and rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)(a)	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%, 11% and 17%
Business tax(a)	Taxable revenue	5%
Urban maintenance and construction tax	Business tax payable and VAT payable	7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10-19%

(All amounts in RMB'000 unless otherwise stated)

III. TAXATION (CONTINUED)

1. Main taxes categories and rates (Continued)

(a) Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax in Shanghai in the transportation industry and modern service industry" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui[2011]No.111), incomes from the transportation industry and modern service of subsidiaries of the Group registered in Shanghai are applicable to VAT since 1 January 2012, with tax rate of 6%.

Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax in Beijing and other 7 regions in the transportation industry and some modern service industries" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui[2012]No.71), incomes from modern service industries (including logistics support service and tangible movable property leasing) of the subsidiaries of the Group registered in Beijing, Tianjin, Jiangsu, Anhui, Zhejiang (including Ningbo), Fujian (including Xiamen), Hubei, Guangdong (including Shenzhen) are applicable to VAT since August 2012, with tax rate of 17% or 6%.

Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax nation widely in the transportation industry and modern service industry" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui[2013]No.37), incomes from modern service industries (including logistics support service and tangible movable property leasing) of the subsidiaries of the Group which operate in financial leasing, logistics industry and container yard services are applicable to VAT since 1 August 2013, with tax rate of 17% or 6%.

Note 1: The income tax rates applicable to the Group for the year are as follows:

	2013	2012
The Company	25%	25%
Subsidiaries registered in China	15-25%	12.5-25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	–	–
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15-35%	15-35%
Subsidiary registered in Germany	15.83-31.6%	15.83-31.6%
Subsidiary registered in Britain	25%	25%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	25%	25%
Subsidiary registered in Finland	24.5%	24.5%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	20%	23%
Subsidiary registered in Singapore	17%	17%

(All amounts in RMB'000 unless otherwise stated)

III. TAXATION (CONTINUED)

2. Preferential tax treatments

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC – Tianda Airport Support Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
2	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
3	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
4	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
5	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
6	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
7	Tianjin CIMC Logistics Equipments Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
8	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
9	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
10	Zhumadian CIMC Huajun Casting Co. Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate

(All amounts in RMB'000 unless otherwise stated)

III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

The Group's subsidiaries that are entitled to preferential tax treatments are as follows (Continued):

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
11	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
12	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
13	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
14	Enric (Lang fang) Energy Equipment Integration Co.,Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
15	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
16	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
17	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 31 December 2013, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB3,892,743,000 (2012: RMB4,810,979,000). Accordingly, deferred tax liabilities amounting to RMB355,651,000 (2012: RMB405,726,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of investment in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In 2013, the number of companies included in the scope of consolidation added up to 432. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 247, with paid-in capital amounting to RMB118,860,720.86. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	RMB'000
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Shenzhen, Guangdong	USD	16,600,000.00	Shenzhen, Guangdong	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	–	–
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Shenzhen, Guangdong	USD	80,000,000.00	Shenzhen, Guangdong	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	USD	80,000,000.00	100.00%	100.00%	Yes	–	–
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Jiangmen, Guangdong	USD	24,000,000.00	Jiangmen, Guangdong	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes	47,209	2,594
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Nantong, Jiangsu	USD	7,700,000.00	Nantong, Jiangsu	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes	31,130	2,241
5	Tianjin CIMC Containers Co., Ltd. (TJCIMC)	Corporation	Tianjin	USD	50,000,000.00	Tianjin	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	50,000,000.00	100.00%	100.00%	Yes	–	–
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, Liaoning	USD	17,400,000.00	Dalian, Liaoning	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	–	–
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Corporation	Ningbo, Zhejiang	USD	15,000,000.00	Ningbo, Zhejiang	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Taicang, Jiangsu	USD	40,000,000.00	Taicang, Jiangsu	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	–	–
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Yangzhou, Jiangsu	USD	20,000,000.00	Yangzhou, Jiangsu	Manufacture and repair of container	USD	20,000,000.00	100.00%	100.00%	Yes	–	–
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai	USD	20,000,000.00	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	–	–
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai	USD	31,000,000.00	Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and Heat; Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes	58,186	23,316
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Nantong, Jiangsu	USD	10,000,000.00	Nantong, Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	22,739	3,137
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Jiangmen, Guangdong	USD	65,498,958.45	Jiangmen, Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD	65,498,958.45	100.00%	100.00%	Yes	–	–
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Corporation	Nantong, Jiangsu	USD	25,000,000.00	Nantong, Jiangsu	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	17,535,000.00	70.14%	100.00%	Yes	Note 1	Note 1
15	Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Dalian, Liaoning	USD	20,000,000.00	Dalian, Liaoning	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
16	Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Nantong, Jiangsu	USD	47,700,000.00	Nantong, Jiangsu	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	47,700,000.00	100.00%	100.00%	Yes	–	–
17	Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Shenzhen, Guangdong	RMB	200,000,000.00	Shenzhen, Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Corporation	Qingdao, Shandong	RMB	62,880,000.00	Qingdao, Shandong	Development, production and sales of various special-use vehicles, special vehicles, vehicles, refitting trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes	Note 4	Note 4
19	Foshan CIMC logistics. equipment Co., Ltd	Corporation	Foshan, Guangdong	RMB	3,000,000.00	Foshan, Guangdong	Design, production, sale and maintenance of logistics equipment and tooling equipment	RMB	3,000,000.00	100.00%	100.00%	Yes	–	–
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai	RMB	90,204,082.00	Shanghai	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes	Note 4	Note 4
21	Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Corporation	Beijing	RMB	20,000,000.00	Beijing	Construction and operation of auxiliary warehousing equipments management and relevant service	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Yingkou, Liaoning	RMB	40,000,000.00	Yingkou, Liaoning	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	32,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
23	Tianjin CIMC Special Vehicles Co., Ltd. (TJXV)	Corporation	Tianjin	RMB	30,000,000.00	Tianjin	Production and sales of box car,mechanical products, metal structure member; relevant advisory service	RMB	24,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
24	CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'an Shaanxi	RMB	50,000,000.00	Xi'an Shaanxi	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes	Note 4	Note 4
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Corporation	Baiyin, Gansu	RMB	25,000,000.00	Baiyin, Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of relevant materials	RMB	20,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Jiangmen, Guangdong	RMB	129,000,000.00	Jiangmen, Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB	103,200,000.00	80.00%	100.00%	Yes	Note 4	Note 4
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Qingdao, Shandong	RMB	137,930,000.00	Qingdao, Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	90,482,080.00	65.60%	82.00%	Yes	Note 4	Note 4
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai	RMB	30,000,000.00	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,600,000.00	82.00%	100.00%	Yes	Note 4	Note 4
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Shenzhen, Guangdong	RMB	70,000,000.00	Shenzhen, Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	70,000,000.00	100.00%	100.00%	Yes	–	–
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Qingdao, Shandong	USD	86,846,680.00	Qingdao, Shandong	Manufacture and sales of Various, Manufacture and sales of various other transport equipments and spare parts	USD	86,846,680.00	100.00%	100.00%	Yes	–	–
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Nantong, Jiangsu	RMB	69,945,550.00	Nantong, Jiangsu	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	RMB	49,059,808.77	70.14%	100.00%	Yes	Note 1	Note 1

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
32	Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Corporation	Shenzhen, Guangdong	USD	13,500,000.00	Shenzhen, Guangdong	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes	Note 7	Note 7
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Jiangmen, Guangdong	USD	15,500,000.00	Jiangmen, Guangdong	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes	–	–
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia	USD	12,000,000.00	Inner Mongolia	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	–	–
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Jiaxing, Zhejiang	USD	5,000,000.00	Jiaxing, Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes	–	–
36	Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Xuzhou, Jiangsu	RMB	50,000,000.00	Xuzhou, Jiangsu	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	–	–
37	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Shenzhen, Guangdong	USD	5,000,000.00	Shenzhen, Guangdong	Engaged in container transshipment,stockpiling, devanning,vannin, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	–	–
38	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, Zhejiang	RMB	30,000,000.00	Ningbo, Zhejiang	Goods traffic; goods package, sorting,examination and logistics advisory service	RMB	30,000,000.00	100.00%	100.00%	Yes	–	–
39	Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai	USD	7,000,000.00	Shanghai	Container transshipment, stockpiling, devanning, vanning, and warehousing,container maintenance, try-off and technical service	USD	6,650,000.00	95.00%	100.00%	Yes	812	(328)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
40	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Corporation	Shanghai	RMB	204,122,966.00	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes	–	–
41	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation Xinjiang	Urumqi, Xinjiang	RMB	80,000,000.00	Urumqi,	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
42	CIMC Vehicle (Group) Co., Ltd. (HI)	Corporation	Shenzhen, Guangdong	USD	168,000,000.00	Shenzhen, Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	134,400,000.00	80.00%	80.00%	Yes	Note 4	Note 4
43	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Qingdao, Shandong	USD	11,500,000.00	Qingdao, Shandong	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	–	–
44	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin	USD	10,000,000.00	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	10,000,000.00	100.00%	100.00%	Yes	–	–
45	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, Liaoning	USD	14,000,000.00	Dalian, Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	14,000,000.00	100.00%	100.00%	Yes	–	–
46	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing	USD	8,000,000.00	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital: Currency	Registered capital: Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
47	Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Dalian, Liaoning	USD	45,170,000.00	Dalian, Liaoning	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	45,170,000.00	100.00%	100.00%	Yes	–	–
48	Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Shenzhen, Guangdong	RMB	20,000,000.00	Shenzhen, Guangdong	Design, development, sale, surrogate of electron production software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	–	–
49	CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Corporation	Taicang. Jiangsu	RMB	450,000,000.00	Taicang. Jiangsu	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%	100.00%	Yes	–	–
50	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Corporation	Suining, Hunan	RMB	28,000,000.00	Suining, Hunan	Manufacturing and sale of bamboo and wood product	RMB	28,000,000.00	100.00%	100.00%	Yes	–	–
51	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHDV)	Corporation	Qinhuangdao, Hebei	RMB	70,000,000.00	Qinhuangdao, Hebei	Sale of car and car components and parts	RMB	42,000,000.00	60.00%	75.00%	Yes	Note 4	Note 4
52	CIMC Energy Chemical Engineering technology Co., Ltd.	Corporation	Shenzhen, Guangdong	RMB	5,000,000.00	Shenzhen, Guangdong	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	–	–
53	CIMC Management and Training(Shenzhen) Co., Ltd.	Corporation	Shenzhen, Guangdong	RMB	50,000,000.00	Shenzhen, Guangdong	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	50,000,000.00	100.00%	100.00%	Yes	–	–
54	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Corporation	Yangzhou, Jiangsu	RMB	70,000,000.00	Yangzhou, Jiangsu	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	70,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
55	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Corporation	Yangzhou, Jiangsu	RMB	70,000,000.00	Yangzhou, Jiangsu	Design, manufacturing and maintenance of containers, board square cabin and; relevant components and parts relevant advisory and service	RMB	70,000,000.00	100.00%	100.00%	Yes	–	–
56	Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Yantai, Shandong	RMB	150,000,000.00	Yantai, Shandong	Research and development of marine operation platform and other marine engineering service	RMB	150,000,000.00	100.00%	100.00%	Yes	–	–
57	Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Corporation	Shanghai	RMB	1,000,000.00	Shanghai	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes	655	187
58	CIMC Wood Development Co., Ltd. ("CIMCWD")	Corporation	Dongguan, Guangdong	RMB	150,000,000.00	Dongguan, Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes	–	–
59	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, Guangdong	RMB	254,634,066.00	Shenzhen, Guangdong	Real estate development	RMB	229,170,659.40	90.00%	90.00%	Yes	Note 2	Note 2
60	Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu)	Corporation	Yangzhou, Jiangsu	RMB	25,000,000.00	Yangzhou, Jiangsu	Real Estate Development, sales and leasing	RMB	22,500,000.00	90.00%	100.00%	Yes	Note 2	Note 2
61	Jiangmen CIMC skyspace Real Estate Co., Ltd ("Jiangmen Dichan")	Corporation	Jiangmen, Guangdong	RMB	30,000,000.00	Jiangmen, Guangdong	Real estate development, projects sale of decoration and building materials	RMB	27,000,000.00	90.00%	100.00%	Yes	Note 2	Note 2
62	Ningbo Runxin Container Co., Ltd	Corporation	Ningbo, Zhejiang	RMB	5,000,000.00	Ningbo, Zhejiang	Cleaning and repair of containers,stockpiling, vanning	RMB	3,000,000.00	60.00%	60.00%	Yes	(9)	297
63	Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Chengdu, Sichuan	RMB	60,000,000.00	Chengdu, Sichuan	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital Currency	Registered capital Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
64	CIMC Finance Company ("Finance Company")	Corporation	Shenzhen, Guangdong	RMB	500,000,000.00	Shenzhen, Guangdong	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes	–	–
65	Shenzhen CIMC Investment Holding company ("SZ Investment Holding")	Corporation	Shenzhen, Guangdong	RMB	75,000,000.00	Shenzhen, Guangdong	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes	–	–
66	Zhumadian CIMC Huajun Vehicle Trading Co.,Ltd ("HJQM")	Corporation	Zhumadian, Henan	RMB	10,000,000.00	Zhumadian, Henan	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
67	Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Corporation	Zhumadian, Henan	RMB	297,762,000.00	Zhumadian, Henan	casting manufacturing for Vehicle and coal mining machinery	RMB	166,746,720.00	56.00%	70.00%	Yes	Note 4	Note 4
68	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Corporation	Shanghai	RMB	50,000,000.00	Shanghai	Design and research of marine operation platform and other offshore engineering	RMB	50,000,000.00	100.00%	100.00%	Yes	–	–
69	Shenzhen CIMC Investment Co., Ltd (SZ Investment)	Corporation	Shenzhen, Guangdong	RMB	60,000,000.00	Shenzhen, Guangdong	Equity investment investment management and related investment business	RMB	60,000,000.00	100.00%	100.00%	Yes	–	–
70	Shenzhen Sky Capital Co., Ltd (SESKYC)	Corporation	Shenzhen, Guangdong	RMB	90,000,000.00	Shenzhen, Guangdong	Equity investment investment management and related investment business	RMB	90,000,000.00	100.00%	100.00%	Yes	–	–
71	Ningbo MRO Trading Co.,Ltd. (MRO)	Corporation	Ningbo, Zhejiang	RMB	10,000,000.00	Ningbo, Zhejiang	Production and sales of gas mask and other plastic productions	RMB	10,000,000.00	100.00%	100.00%	Yes	–	–
72	Shenzhen CIMC Container Holding Co., Ltd. (Container Holding)	Corporation	Shenzhen, Guangdong	RMB	1,000,000,000.00	Shenzhen, Guangdong	Equity investment management and related investment business	RMB	1,000,000,000.00	100.00%	100.00%	Yes	–	–
73	Chengdu CIMC Logistics Equipments Co., Ltd.	Corporation	Chengdu, Sichuan	RMB	7,500,000.00	Chengdu, Sichuan	Chemical liquid tank truck and semi-trailer	RMB	6,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
74	Shanxi CIMC Vehicle Industry Garden	Corporation	Xianyang, Shaanxi	RMB	80,000,000.00	Xianyang, Shaanxi	Production and sales Of vehicle	RMB	64,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
75	CIMC Holdings (B.V.I.) Limited (CIMC BVI)	Corporation	Jiangmen, Guangdong	RMB	130,000,000.00	Jiangmen, Guangdong	Investment	RMB	130,000,000.00	100.00%	100.00%	Yes	–	–
76	CIMC modular building design & Development Co. Ltd.	Corporation	Jiangmen, Guangdong	RMB	50,000,000.00	Jiangmen, Guangdong	Design modular building and decorations	RMB	50,000,000.00	100.00%	100.00%	Yes	–	–
77	CIMC Cold Chain Research Institute Co., Ltd.	Corporation	Qingdao, Shandong	RMB	50,000,000.00	Qingdao, Shandong	Standard shipping refrigerated Containers and refrigerated containers	RMB	50,000,000.00	100.00%	100.00%	Yes	–	–
78	CIMC Cold Chain Investment Co. Ltd.	Corporation	Qingdao, Shandong	RMB	809,000,000.00	Qingdao, Shandong	Investments	RMB	809,000,000.00	100.00%	100.00%	Yes	–	–
79	Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	Corporation	Shenyang, Liaoning	RMB	20,000,000.00	Shenyang, Liaoning	Investment management, asset trustee management	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 4	Note 4
80	Shenzhen Tianda CIMC Logistics System Engineering Co Ltd	Corporation	Shenzhen, Guangdong	RMB	60,000,000.00	Shenzhen, Guangdong	Automatic logistics system engineering, real-time logistics management system	RMB	42,000,000.00	70.00%	100.00%	Yes	Note 7	Note 7

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
81	Jiangmen CIMC Skyspace Investment Co., Ltd.	Corporation	Jiangmen, Guangdong	RMB	10,000,000.00	Jiangmen, Guangdong	Industrial investment, private investment, Enterprise Management Consulting	RMB	9,000,000.00	90.00%	100.00%	Yes	Note 2	Note 2
82	Dongguan cimc innovation industrial park development Co., Ltd.	Corporation	Dongguan, Guangdong	RMB	50,000,000.00	Dongguan, Guangdong	Innovation industrial park investment, real estate development & management	RMB	45,000,000.00	90.00%	100.00%	Yes	Note 2	Note 2
83	Zhejiang Teng Long Industry Group Co., Ltd.	Corporation	Quzhou, Zhejiang	RMB	6,000,000.00	Quzhou, Zhejiang	Sale of wood and bamboo products,bamboo and wood technology research and development, consulting	RMB	3,060,000.00	51.00%	51.00%	Yes	2,940	–
84	Guangdong Xinhui Modular Building Manufacturing Co. Ltd.	Corporation	Jiangmen, Guangdong	RMB	80,000,000.00	Jiangmen, Guangdong	Production and sale of integrated houses, prefabricated houses, metal structure	RMB	80,000,000.00	100.00%	100.00%	Yes	–	–
85	Shenzhen CIMC new process of Automotive Supply Chain Management Co. Ltd.	Corporation	Shenzhen, Guangdong	RMB	10,000,000.00	Shenzhen, Guangdong	Supply Chain Management	RMB	6,000,000.00	60.00%	60.00%	Yes	1,758	(2,243)
86	Shanghai Xinzhitu Logistics	Corporation	Shanghai	RMB	10,000,000.00	Shanghai	International Freight transport agents, general	RMB	10,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(ii) Overseas subsidiaries:

			Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
87	CIMC Holdings (B.V.I.)Limited	British Virgin Islands	USD	34,001.00	British Virgin Islands	Investment	USD	34,001.00	100.00%	100.00%	Yes	–	–
88	CIMC Tank Equipment Investment Holdings Co.,Ltd.	Hongkong, China	HKD	4,680,000.00	Hongkong, China	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	–	–
89	CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)	Thailand	THB	260,000,000.00	Thailand	Production and sales of various special vehicles	THB	213,200,000.00	82.00%	82.00%	Yes	Note 4	Note 4
90	CIMC Vehicle Investment Holding Co.,Ltd. ("CIMC Vehicle")	Hongkong, China	USD	50,000.00	Hongkong, China	Investment	USD	40,000.00	80.00%	100.00%	Yes	Note 4	Note 4
91	CIMC Europe BVBA ("BVBA")	Belgium	EUR	18,550.00	Belgium	Investment	EUR	18,550.00	100.00%	100.00%	Yes	–	–
92	China International Marine Containers (HongKong) Limited ("CIMC Hong Kong")	Hongkong, China	HKD	2,000,000.00	Hongkong, China	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	Note 5	Note 5
93	CIMC Burg B.V. ("BV")	Holland	EUR	60,000,000.00	Holland	Investment	EUR	60,000,000.00	100.00%	100..00%	Yes	–	–
94	Tacoba Forestry Consultant N.V ("Tacoba")	Suriname	SF	3,000,000.00	Suriname	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	–	–
95	Charm Wise Limited ("Charm Wise")	Hongkong, China	USD	1.00	Hongkong, China	Investment	USD	1.00	100.00%	100.00%	Yes	–	–
96	Gold Terrain Assets Limited ("GTA")	British Virgin Islands	USD	1.00	British Virgin Islands	Investment	USD	1.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(ii) Overseas subsidiaries: (Continued)

	Name	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
			Currency	Amount of original currency			Currency	Amount of original currency					
97	Full Medal Holdings Ltd. ("Full Medal")	British Virgin Islands	USD	50,000.00	British Virgin Islands	Investment	USD	35,070.00	70.14%	100.00%	Yes	Note 1	Note 1
98	Charm Ray Holdings Limited ("Charm Ray")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	0.70	70.14%	100.00%	Yes	Note 1	Note 1
99	Charm Beat Enterprises Limited ("Charm Beat")	British Virgin Islands	USD	1.00	British Virgin Islands	Investment	USD	1.00	100.00%	100.00%	Yes	–	–
100	Sharp Vision Holdings Limited ("Sharp Vision")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	1.00	100.00%	100.00%	Yes	–	–
101	Sound Winner Holdings Limited ("Sound Winner")	British Virgin Islands	USD	10,000.00	British Virgin Islands	Investment	USD	7,014.00	70.14%	100.00%	Yes	Note 1	Note 1
102	Grow Rapid Limited ("Grow Rapid")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	1.00	100.00%	100.00%	Yes	–	–
103	Powerlead Holding Ltd. ("Powerlead")	British Virgin Islands	USD	10.00	British Virgin Islands	Investment	USD	10.00	100.00%	100.00%	Yes	–	–
104	Cooperatie Vela U.A.	Holland	EUR	18,000.00	Holland	Investment	EUR	12,625.20	70.14%	100.00%	Yes	Note 1	Note 1
105	Vela Holding B.V.	Holland	EUR	18,000.00	Holland	Investment	EUR	12,625.20	70.14%	100.00%	Yes	Note 1	Note 1
106	CIMC Financial Leasing (HK) Co Ltd.	Hongkong, China	HKD	500,000.00	Hongkong, China	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(ii) Overseas subsidiaries: (Continued)

	Name	Registration Place	Registered capital: Currency	Registered capital: Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
107	CIMC Offshore Holdings Limited ("CIMC Offshore")	Hongkong, China	HKD	342,860,173.00	Hongkong, China	Investment	HKD	342,860,173.00	100.00%	100.00%	Yes	Note 5	Note 5
108	Cooperatie CIMC U.A. ("COOP")	Holland	EUR	25,500,000.00	Holland	Investment	EUR	25,500,000.00	100.00%	100.00%	Yes	–	–
109	North Sea Rigs Holdings ("NSR")	British Virgin Islands	USD	1.00	British Virgin Islands	Finance Lease project company	USD	1.00	100.00%	100.00%	Yes	–	–
110	Hongkong CIMC Tianda Airport Support Ltd. ("TAS Hongkong")	Hongkong, China	HKD	1,000,000.00	Hongkong, China	Investment	HKD	700,000.00	70.00%	100.00%	Yes	Note 7	Note 7
111	CIMC Development (Australia) Pty Ltd ("Development Australia")	Australia	AUD	8,000,000.00	Australia	Investment	AUD	8,000,000.00	100.00%	100.00%	Yes	–	–
112	Beacon holdings Group Ltd ("Beacon holdings")	British Virgin Islands	USD	22,000,000.00	British Virgin Islands	Finance Lease project company	USD	22,000,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(2) The Group does not have subsidiaries obtained through combination under common control

(3) Subsidiaries acquired through combinations under non-common control

(i) Domestic subsidiaries:

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Luoyang, Henan	RMB	100,000,000.00	Luoyang, Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	60,000,000.00	60.00%	75.00%	Yes	Note 4	Note 4
2	Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Wuhu, Anhui	RMB	100,000,000.00	Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	60,000,000.00	60.00%	75.00%	Yes	Note 4	Note 4
3	Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Corporation	Liangshan, Shandong	RMB	90,000,000.00	Liangshan, Shandong	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes	Note 4	Note 4
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Qingdao, Shandong	USD	27,840,000.00	Qingdao, Shandong	Manufacture and repair of container,processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	–	–
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Corporation	Qingdao, Shandong	USD	86,846,680.00	Qingdao, Shandong	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	86,846,680.00	100.00%	100.00%	Yes	–	–
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin	USD	15,469,300.00	Tianjin	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	15,469,300.00	100.00%	100.00%	Yes	–	–
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai	USD	28,500,000.00	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	94.74%	Yes	10,522	800

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
8	CIMC Vehicle (Shandong) Co. Ltd.(KGR)	Corporation	Zhangqiu, Shandong	RMB	18,930,100.00	Zhangqiu, Shandong	Development and manufacture of refrigerator car, tank car, trailer, box car,special vehicles and various series products	RMB	13,177,246.61	69.61%	87.01%	Yes	Note 4	Note 4
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Zhangzhou, Fujian	USD	23,000,000.00	Zhangzhou, Fujian	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	–	–
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Yangzhou, Jiangsu	RMB	4,343,007,500.00	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	3,474,406,000.00	80.00%	100.00%	Yes	Note 4	Note 4
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Zhumalian, Henan	RMB	85,340,000.00	Zhumalian, Henan	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle related materials	RMB	68,272,000.00	80.00%	100.00%	Yes	Note 4	Note 4
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Zhangjiagang, Jiangsu	RMB	144,862,042.01	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit,petrochemical mechanical equipment,tank container, pressure vessel	RMB	101,606,236.27	70.14%	100.00%	Yes	Note 1	Note 1
13	Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai	USD	4,500,000.00	Shanghai	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes	28,165	4,453
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Yangzhou, Jiangsu	USD	34,100,000.00	Yangzhou, Jiangsu	Manufacture and sale of reefer container and special container;providing relevant technical advisory and maintenance service	USD	34,100,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries: (Continued)

	Name	Entity type	Registration Place	Registered capital: Currency	Registered capital: Amount of original currency	Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
15	Qingdao Kooll Logistics Co., Ltd (QDHFL)	Corporation	Qingdao, Shandong	RMB	20,000,000.00	Qingdao, Shandong	Container warehousing, stockpiling,devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes	1,601	(249)
16	Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu)	Corporation	Bengbu, Anhui	HKD	60,808,385.00	Bengbu, Anhui	Manufacturing base of NG compressor and related products	HKD	42,651,001.24	70.14%	100.00%	Yes	Note 1	Note 1
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Corporation	Shijiazhuang, Hebei	USD	7,000,000.00	Shijiazhuang, Hebei	Manufacturing pressure vessel	USD	4,909,800.00	70.14%	100.00%	Yes	Note 1	Note 1
18	Enric (Lang fang) Energy Equipment integration Co., Ltd. (Langfang Enric)	Corporation	Langfang, Hebei	HKD	50,000,000.00	Langfang, Hebei	Manufacturing and exploiting Energy Equipment integration	HKD	35,070,000.00	70.14%	100.00%	Yes	Note 1	Note 1
19	Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing	HKD	40,000,000.00	Beijing	Manufacturing and exploiting Energy Equipment integration	HKD	28,056,000.00	70.14%	100.00%	Yes	Note 1	Note 1
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Corporation	Jingmen, Hubei	HKD	50,000,000.00	Jingmen, Hubei	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	35,070,000.00	70.14%	100.00%	Yes	Note 1	Note 1
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd	Corporation	Jingmen, Hubei	RMB	100,000,000.00	Jingmen, Hubei	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	56,110,000.00	56.11%	80.00%	Yes	Note 1	Note 1
22	Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Corporation	Ningguo, Anhui	USD	1,300,000.00	Ningguo, Anhui	Construction of offshore project and supplement	USD	780,000.00	60.00%	60.00%	Yes	3,921	(848)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
23	Yantai CIMC Raffles offshore Ltd. (YCRO)	Corporation	Yantai, Shandong	RMB	1,676,690,000.00	Yantai, Shandong	Construction of dock; Designation,production of ship; production of equipment of pressure and offshore oil platform	RMB	1,641,311,841.00	97.89%	100.00%	Yes	–	–
24	Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Yantai, Shandong	RMB	125,980,000.00	Yantai, Shandong	Construction of ship as well as component;sales of container and offshore oil platform channel and steel production	RMB	105,155,506.00	83.47%	83.47%	Yes	–	–
25	Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Corporation	Haiyang, Shandong	RMB	200,000,000.00	Haiyang, Shandong	Construction of dock; Designation,production of ship; production of equipment of pressure and offshore oil platform	RMB	195,780,000.00	97.89%	100.00%	Yes	–	–
26	Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Longkou, Shandong	RMB	290,000,000.00	Longkou, Shandong	Construction of offshore project and supplement	RMB	283,881,000.00	97.89%	100.00%	Yes	–	–
27	Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV")	Corporation	Jining, Shandong	RMB	22,000,000.00	Jining, Shandong	manufacture and sales of mixing truck,special vehicle and components and parts	RMB	13,200,000.00	60.00%	75.00%	Yes	Note 4	Note 4
28	Xinfa Airport Equipment Ltd.	Corporation	Beijing	RMB	10,000,000.00	Beijing	manufacture and sales of airport shuttle buses	RMB	7,000,000.00	70.00%	70.00%	Yes	Note 7	Note 7

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
29	Yangjiang Shangdong Furi Real Estate Co.,Ltd ("YJFR")	Corporation	Yangjiang, Guangdong	RMB	10,000,000.00	Yangjiang, Guangdong	Real estate development and operation planning and consulting,sale of construction materials and inner house decoration	RMB	6,000,000.00	60.00%	60.00%	Yes	Note 2	Note 2
30	Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI")	Corporation	Nanjing, Jiangsu	RMB	30,000,000.00	Nanjing, Jiangsu	project relating to petrochemical industry	RMB	21,042,000.00	70.14%	100.00%	Yes	Note 1	Note 1
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Corporation	Tianjin	USD	51,956,000.00	Tianjin	Container and cargo distribution and repairment	USD	38,967,000.00	75,00%	75.00%	Yes	Note 6	Note 6
32	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Corporation	Xiamen, Fujian	USD	10,000,000.00	Xiamen, Fujian	Financial leasing and leasing business	USD	5,100,000.00	51.00%	51.00%	Yes	48,138	6,998
33	Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Corporation	Tianjin	RMB	145,000,000.00	Tianjin	construction and operation of warehousing facilities Container depot	RMB	65,250,000.00	45.00%	60.00%	Yes	Note 6	Note 6
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Corporation	Tianjin	RMB	133,972,922.00	Tianjin	Non-vessel carrier, freight agent	RMB	100,479,691.50	75.00%	100.00%	Yes	Note 6	Note 6

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries: (Continued)

				Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Entity type	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
35	Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Corporation	Qingdao, Shandong	USD	9,150,000.00	Qingdao, Shandong	General cargo, dangerous goods transport	USD	6,862,500.00	75.00%	100.00%	Yes	Note 6	Note 6
36	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Corporation	Tianjin	RMB	12,516,441.00	Tianjin	Customs clearance and related consulting services	RMB	9,387,330.75	75.00%	100.00%	Yes	Note 6	Note 6
37	Zhenhua International Shipping Agency (Qingdao) Co., Ltd.	Corporation	Qingdao, Shandong	RMB	10,000,000.00	Qingdao, Shandong	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes	Note 6	Note 6
38	Tianjin Zhenhua International	Corporation Shipping Agency Co. Ltd.	Tianjin	RMB	10,000,000.00	Tianjin	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes	Note 6	Note 6
39	Shanghai Zhenhua	Corporation International Shipping Agencies Ltd.	Shanghai	RMB	10,000,000.00	Shanghai	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes	Note 6	Note 6
40	Tianjin Port CIMC Zhenhua Logistics Co., Ltd.	Corporation	Tianjin	RMB	50,000,000.00	Tianjin	General cargo, dangerous goods transport	RMB	37,500,000.00	75.00%	100.00%	Yes	Note 6	Note 6
41	Tianjin Zhenhua International Trade Bonded Warehousing Co. Ltd.	Corporation	Tianjin	RMB	5,628,836.00	Tianjin	Cargo transport agency services	RMB	4,221,627.00	75.00%	100.00%	Yes	Note 6	Note 6

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(ii) Overseas subsidiaries:

			Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests
	Name	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	RMB'000
42	CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)	Australia	AUD	50,000.00	Australia	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	Yes	–	–
43	Enric Energy Equipment Holdings Limited (Enric)	Cayman Islands	HKD	120,000,000.00	Cayman Islands	Investment	HKD	84,168,000.00	70.14%	100.00%	Yes	Note 1	Note 1
44	Burg Industries B.V.	Holland	EUR	3,403,351.62	Holland	Investment	EUR	3,403,351.62	100.00%	100.00%	Yes	–	–
45	Holvrieka Holding B.V.	Holland	EUR	12,000,000.00	Holland	Investment	EUR	8,416,800.00	70.14%	100.00%	Yes	Note 1	Note 1
46	Holvrieka B.V.	Holland	EUR	136,200.00	Holland	Sales of tank equipment	EUR	95,530.68	70.14%	100.00%	Yes	Note 1	Note 1
47	Holvrieka Nirota B.V.	Holland	EUR	680,670.32	Holland	Production, assembly and sale	EUR	477,422.16	70.14%	100.00%	Yes	Note 1	Note 1
48	Noordkoel B.V.	Holland	EUR	500,000.00	Holland	Sales of tank equipment	EUR	350,700.00	70.14%	100.00%	Yes	Note 1	Note 1
49	Beheermaatschappij Burg B.V.	Holland	EUR	453,780.22	Holland	Investment	EUR	453,780.22	100.00%	100.00%	Yes	Note 1	Note 1
50	Burg Carrosserie B.V.	Holland	EUR	90,756.04	Holland	Production of road transport vehicle	EUR	90,756.04	100.00%	100.00%	Yes	–	–
51	Exploitatiemaatschappij Intraprogres B.V	Holland	EUR	79,411.54	Holland	Trade, financing and leasing of road transport vehicle	EUR	79,411.54	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(ii) Overseas subsidiaries: (Continued)

			Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						
	Name	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
52	Hobur Twente B.V.	Holland	EUR	226,890.11	Holland	Production and sale of oil and components and parts	EUR	226,890.11	100.00%	100.00%	Yes	–	–
53	Burg Service B.V.	Holland	EUR	250,000.00	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR	250,000.00	100.00%	100.00%	Yes	–	–
54	LAG Trailers N.V.	Belgium	EUR	3,245,000.00	Belgium	Manufacturing trailer	EUR	3,245,000.00	100.00%	100.00%	Yes	–	–
55	Holvrieka N.V.	Belgium	FRF	40,000,000.00	Belgium	Manufacturing tank equipment	FRF	28,056,000.00	70.14%	100.00%	Yes	Note 1	Note 1
56	Immo burg N.V.	Belgium	EUR	248,000.00	Belgium	Manufacturing road transport vehicle	EUR	248,000.00	100.00%	100.00%	Yes	–	–
57	Holvrieka Danmark A/S	Denmark	DKK	1,000,000.00	Denmark	Manufacturing tank equipment	DKK	701,400.00	70.14%	100.00%	Yes	Note 1	Note 1
58	Direct Chassis LLC ("DCEC")	USA	USD	10,000,000.00	USA	Manufacturing and sales of special vehicles	USD	10,000,000.00	100.00%	100.00%	Yes	–	1,699
59	CIMC TGE Gasinvestments SA ("TGESA")	Luxemburg	EUR	50,000.00	Luxemburg	Investment	EUR	30,000.00	60.00%	60.00%	Yes	Note 3	Note 3
60	TGE Gas Engineering GmbH ("TGE Gas")	Germany	EUR	1,000,000.00	Germany	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG,LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	Note 3	Note 3

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(ii) Overseas subsidiaries: (Continued)

	Name	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
			Currency	Amount of original currency			Currency	Amount of original currency					
61	CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Singapore	USD	624,541,970.96	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs,FSOs	USD	624,541,970.96	100.00%	100.00%	Yes	–	–
62	CIMC Raffles Investments Limited	Hongkong, China	HKD	2.00	Hongkong, China	Investment	HKD	2.00	100.00%	100.00%	Yes	–	–
63	CIMC Raffles Leasing Pte Ltd.	Singapore	SGD	2.00	Singapore	Leasing of marine ship	SGD	2.00	100.00%	100.00%	Yes	–	–
64	Caspian Driller Pte.Ltd.	Singapore	USD	30,000,000.00	Singapore	Leasing of marine ship	USD	30,000,000.00	100.00%	100.00%	Yes	–	–
65	Technodyne International Limited ("Technodyne")	United Kingdom	GBP	1.00	United Kingdom	Research and development of Energy equipment	GBP	0.60	60.00%	100.00%	Yes	Note 3	Note 3
66	Gadidae AB.	Sweden	SEK	1,000.00	Sweden	Investment	SEK	1,000.00	100.00%	100.00%	Yes	–	–
67	Perfect Victor Investments Limited ("Perfect Victor")	Hongkong, China	USD	1.00	Hongkong, China	Investment	USD	1.00	100.00%	100.00%	Yes	–	–
68	Ziemann International GmbH ("Ziemann Group")	Germany	EUR	16,000,000.00	Germany	Design, production and sales of beer fermentation machine and relevant services	EUR	11,222,400.00	70.14%	100.00%	Yes	Note 1	Note 1
69	Albert Ziegler GmbH ("Ziegler")	Germany	EUR	10,025,000.00	Germany	Designation of Marine engineering	EUR	10,025,000.00	100.00%	100.00%	Yes	–	–

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(ii) Overseas subsidiaries: (Continued)

			Registered capital				Actual investment and actual net amount of Investment of the company at the end of the year						Amount of gain/(loss) for current period attributable to minority shareholders that allocated to minority interests RMB'000
	Name	Registration Place	Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope	Amount of minority interest at the end of the year RMB'000	
70	Bassoe Technology AB ("Bassoe")	Sweden	SEK	1,000,000.00	Sweden	Designation of Marine engineering	SEK	900,000.00	90.00%	100.00%	Yes	2,146	–
71	Verbus Systems Limited ("Verbus Systems")	United Kingdom	GBP	3,884,303.00	United Kingdom	Investment	GBP	3,107,442.40	80.00%	100.00%	Yes	(7,628)	(2,625)
72	Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Hongkong, China	HKD	6,600,000.00	Hongkong, China	Logistics	HKD	4,950,000.00	75.00%	100.00%	Yes	Note 6	Note 6
73	CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Australia	AUD	8,300,000.00	Australia	Investment	AUD	6,640,000.00	80.00%	100.00%	Yes	Note 4	Note 4

Note 1 Enric and its subsidiaries' minority interests amounted to RMB1,576,657,000, against which RMB290,176,000 of gain attributed to minority shareholders was allocated.

Note 2 CIMC Tianyu and its subsidiaries' minority interests amounted to RMB172,762,000, against which RMB40,620,000 of gain attributed to minority shareholders was allocated.

Note 3 TGE SA and its subsidiaries' minority interests amounted to RMB79,320,000, against which RMB2,632,000 of gain attributed to minority shareholders was allocated.

Note 4 HI and its subsidiaries' minority interests amounted to RMB908,796,000, against which RMB72,107,000 of gain attributed to minority shareholders was allocated.

Note 5 As at 31 December 2013, the cumulated dividends declared by CIMC Hong Kong to the Company was HKD3,840,313,000 (RMB3,019,351,000). The company had no plan to receive the dividends in foreseeable future, therefor, it comprise net investment to CIMC Hong Kong.

Note 6 Zhenhua Group and its subsidiaries' minority interests amounted to RMB328,335,000, against which RMB29,996,000 of gain attributed to minority shareholders was allocated.

Note 7 TAS and its subsidiaries' minority interests amounted to RMB123,144,000, against which RMB22,910,000 of gain attributed to minority shareholders was allocated.

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(4) Subsidiaries with significant minority interests is as follows:

	Minority interests as at 31/12/2013	Net Profit attribute to minority interests in 2013	Dividends distributed to minority interests in 2013
Enric	1,576,657	290,176	32,283

Main financial information of aforementioned subsidiary:

	Financial condition as at 31 December 2013				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Enric	7,068,984	2,491,194	4,090,343	461,165	5,008,670

	Financial condition as at 31 December 2012				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Enric	5,324,243	2,402,939	3,115,212	534,131	4,077,839

	Business Performance in 2013				
	Revenue	Total profit	Net profit	Other comprehensive income	Total comprehensive income
Enric	9,981,462	1,182,982	980,666	12,158	992,824

	Business Performance in 2012				
	Revenue	Total profit	Net profit	Other comprehensive income	Total comprehensive income
Enric	8,082,895	927,138	765,576	34,704	800,280

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of investment in subsidiaries (Continued)

(4) Subsidiaries with significant minority interests is as follows: (Continued)

	Cash Flows in 2013				
	Net cash inflows from operating activities	Net cash outflows from investing activities	Net cash outflows from financing activities	Cash and cash equivalents at beginning of year	Cash and cash equivalents at end of year
Enric	**1,116,005**	**(236,910)**	**(286,581)**	**953,308**	**1,532,190**

	Cash Flows in 2012				
	Net cash inflows from operating activities	Net cash outflows from investing activities	Net cash outflows from financing activities	Cash and cash equivalents at beginning of year	Cash and cash equivalents at end of year
Enric	856,704	(726,458)	(211,098)	992,130	953,308

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements

Newly purchased (see Note IV.6) and established subsidiaries in the year change the scope of the consolidation financial statements.

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year

(1) Subsidiaries newly included in the scope of consolidation

	Net asset as at 31 December 2013	Net profit for 2013
Zhenhua Group – Acquired through business combination[i]	**998,364**	**75,640**
Bassoe – Acquired through business combination[i]	**21,455**	–
Ziegler – Acquired through business combination[i]	**246,272**	–

[i] The companies disclosed above were acquired in a business combination involving enterprises not under common control. The net profit for the current period is the net profit earned from the acquisition date to 31 December 2013 (Note IV 6).

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year (Continued)

(2) Other subsidiaries newly included in the scope of consolidation mainly comprised of Hongxin Berg and other 103 subsidiaries.

(3) There was no significant subsidiary, special purpose entity, business entity that having control through being entrusted to manage or leasing that was excluded from the scope of consolidation for the current year.

5. There is no acquisition through combination under common control for the current year (2012: Nil).

6. The Group's acquisition through combination not under common control for the current year

(1) Zhenhua Group

	Amount of goodwill	Calculation of goodwill
Zhenhua Group	21,994	Goodwill is recognised at the excess of the combination cost over the acquirer's interests in the fair value of the acquiree's identifiable net assets acquired during the acquisition. The calculation is as follows.

On 6 March 2013, the Group signed share transfer contract with other shareholders of Zhenhua Group to acquire 36.78% of equity interest in Zhenhua Group at the consideration of RMB408,666,000. Before this transaction, the Group already held 38.22% of equity interest in Zhenhua Group. This deal completed on 1 April 2013 and the Group's equity interests in Zhenhua Group increased to 75% after the deal.

Zhenhua Group locate in Tianjin and mainly engage in logistics related business.

(i) Details of the costs of combination and goodwill recognised are as follows:

Costs of combination -	
Cash paid	408,666
The fair value of long-term equity investment held before	401,343
Less: fair value of identifiable net assets obtained	(788,015)
Goodwill	21,994

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(1) Zhenhua Group (Continued)

(ii) The assets and liabilities of Zhenhua Group at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2012 Carrying amount
Cash at bank and on hand	130,608	130,608	202,685
Notes receivable	10,763	10,763	17,410
Accounts receivable	549,170	548,720	515,517
Advance to suppliers	65,048	65,048	64,727
Interest receivable	4	4	4
Other receivables	92,645	92,645	79,844
Inventories	9,501	9,501	18,579
Current portion of non-current assets	309	309	–
Other current assets	461	461	2,802
Long-term equity investments	194,070	194,346	194,782
Investment properties	86,489	48,865	49,575
Fixed assets	552,195	497,996	509,271
Construction in progress	9,101	9,101	8,516
Intangible assets	326,306	198,650	200,133
Long-term prepaid expenses	3,227	3,227	2,462
Deferred tax assets	8,423	8,423	8,322
Other non-current assets	117,040	117,040	117,178
Short-term borrowings	(179,612)	(179,612)	(194,272)
Accounts payable	(295,183)	(295,183)	(314,748)
Advances from customers	(6,733)	(6,733)	(8,377)
Employee benefits payable	(13,874)	(13,874)	(25,695)
Taxes payable	(23,121)	(23,121)	(26,026)
Interest payable	(482)	(482)	(419)
Dividends payable	(210,284)	(210,284)	(210,284)
Other payables	(251,000)	(251,000)	(258,871)
Provisions	(7,413)	(7,413)	(15,138)
Deferred tax liabilities	(72,873)	(18,072)	(18,184)
Other non-current liabilities	(9,473)	(9,473)	(9,634)
Minority interests	(34,776)	(34,776)	(35,397)
Net assets	1,050,536	885,684	874,762
Less: Minority interests	(262,521)		
Net assets obtained	788,015		
Consideration settled in cash	408,666		
Less: cash and cash equivalents in the subsidiary acquired	(130,608)		
Net cash outflow on acquisition of the subsidiary	278,058		

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(1) Zhenhua Group (Continued)

(ii) The assets and liabilities of Zhenhua Group at the acquisition date, and the cash flows relating to the acquisition are as follows: (Continued)

As at the date of acquisition, the fair values of identifiable long-term equity investments, investment properties, fixed assets and intangible assets were defined by valuation, and deferred tax liabilities were recognised accordingly. The fair value of other assets were similar to their carrying amount.

The revenue, net profit and cash flows of Zhenhua Group of the period from the acquisition date to 31 December 2013 are as follows:

Revenue	3,907,164
Net profit	75,640
Cash flows from operating activities	88,846
Net cash flows	81,785

(2) Bassoe

	Profit in combination	Calculation of goodwill
Bassoe	132,245	Goodwill is recognised at the excess of the combination cost over the acquirer's interests in the fair value of the acquiree's identifiable net assets acquired during the acquisition. The calculation is as follows.

On 31 December 2013, the Group acquired 90% of equity interests in Bassoe Technology AB at the consideration of USD24,855,000 equivalent to approximately (RMB152,423,000) from BASSTECH AS and employee shareholders through its wholly-owned subsidiary CIMC TOP GEAR B.V..

Bassoe is a service company providing design services for offshore engineering.

Goodwill from this business combination is mainly to improve the design ability of offshore engineering business.

(i) Details of the costs of combination and profit recognised are as follows:

Costs of combination -	
Cash paid	151,554
Less: fair value of identifiable net assets obtained	(19,309)
Goodwill	132,245

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(2) Bassoe (Continued)

(ii) The assets and liabilities of Bassoe at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2012 Carrying amount
Cash at bank and on hand	19,752	19,752	19,752
Accounts receivable	16,040	16,040	16,040
Advance to suppliers	2,310	2,310	2,310
Inventories	3,681	3,681	3,681
Fixed assets	1,215	1,215	1,215
Accounts payable	(4,377)	(4,377)	(4,377)
Employee benefits payable	(10,981)	(10,981)	(10,981)
Taxes payable	(2,257)	(2,257)	(2,257)
Other payables	(3,928)	(3,928)	(3,928)
Net assets	21,455	21,455	21,455
Less: Minority interests	(2,146)		
Net assets obtained	19,309		
Consideration settled in cash	151,554		
Less: cash and cash equivalents in the subsidiary acquired	(19,752)		
Net cash outflow on acquisition of the subsidiary	131,802		

The revenue, net profit and cash flows of Bassoe for the period from the acquisition date to 31 December 2013 is immaterial to the Group.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(3) Ziegler

	Amount of negative goodwill	Calculation of negative goodwill
Ziegler	35,017	Negative goodwill is recognised at the excess of the combination cost over the acquirer's interests in the fair value of the acquiree's identifiable net assets acquired during the acquisition. The calculation is as follows.

On 31 December 2013, CIMC Ziegler, a wholly owned subsidiary of the Company, acquired all assets(included equity in subsidiaries) other than cash and receivables of Albert Ziegler GmbH&Co.KG("AZG") for a consideration of EUR 57,404,000 (equivalent to approximately RMB483,199,000), by entering into an assets purchase agreement with the administrators in bankruptcy of AZG.

AZG is one of the world's leading firefighting equipments manufactures. Its headquarter located in Giengen, Germany. AZG had six production bases, who located in Germany (including 1 located in headquarter in Giengen), the Netherlands, Croatia and Indonesia. Also it had 3 sales and service subsidiaries located in Italy, Slovenia and the Czech Republic. This acquisition could enhance the Group's competitive advantage in the high-end market for firefighting vehicles.

(i) Details of the costs of combination and profit recognised are as follows:

Costs of combination -	
Cash paid	483,199
Less: Fair value of identifiable net assets obtained	(518,216)
Profit from business combination	(35,017)

The holding company of AZG Group was forced into bankruptcy compulsory liquidation procedure, therefore the Group successfully bid for aforementioned assets with at a lower price and got profit from this business combination.

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(3) Ziegler (Continued)

(ii) The assets and liabilities of Zhenhua Group at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2012 Carrying amount
Cash at bank and on hand	66,733	66,733	66,733
Accounts receivable	83,212	83,212	83,212
Other receivables	4,486	4,486	4,486
Inventories	258,541	258,541	258,541
Other long-term equity investments	48,933	15,768	15,768
Fixed assets	144,387	44,160	44,160
Intangible assets	69,431	–	–
Deferred tax assets	1,742	1,742	1,742
Short-term borrowings	(11,577)	(11,577)	(11,577)
Accounts payable	(27,023)	(27,023)	(27,023)
Advances from customers	(12,028)	(12,028)	(12,028)
Employee benefits payable	(25,414)	(25,414)	(25,414)
Taxes payable	(30,552)	(30,552)	(30,552)
Interest payable	(398)	(398)	(398)
Other payables	(26,840)	(26,840)	(26,840)
Provisions	(15,378)	(15,378)	(15,378)
Deferred tax liabilities	(10,039)	–	–
Net assets obtained	518,216	325,432	325,432
Consideration settled in cash	483,199		
Less: cash and cash equivalents in the subsidiary acquired	(66,733)		
Net cash outflow on acquisition of the subsidiary	416,466		

The revenue, net profit and cash flows of Ziegler for the period from the acquisition date to 31 December 2013 is immaterial to the Group.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (Continued)

(4) CIMC Air Marrel SAS, General Transport Equipment Pty Ltd. and Hongxin Berg

In 2013, the Group acquired certain assets of CIMC Air Marrel SAS for an aggregate consideration of EUR 1,200,000 (equivalent to RMB10,101,000), by entering into an assets purchase agreement with the administrators in the bankruptcy of CIMC Air Marrel SAS. This acquisition is considered as business combination. According to the valuation result, no goodwill occurred from this acquisition.

In 2013, the Company acquired 100% of equity interests in Australian company General Transport Equipment Pty Ltd. fora consideration of AUD 6,860,000(equivalent to RMB37,242,000), through its 80% owned subsidiary, CIMC Australia Road Transport Equipment Pty Ltd.. According to the valuation result, no goodwill occurred from this acquisition.

In 2013, CIMC Financing and Leasing Co., Ltd., Shenzhen CIMC Investment Co., Ltd and Shenzhen Sky Capital Co., Ltd which are all wholly-owned subsidiaries of the Company signed shareholding transfer contracts with Xiamen Hongxin Berg Leasing Co. Ltd. respectively and acquired aggregate 51% of equity in Hongxin Berg for a total consideration of RMB50,122,000. An amount of RMB10,590,000 of Goodwill was recognised by the Group.

The considerations paid in the above three business combination, the revenue, net profit and cash flows of the 3 aforementioned business combinations for the period from the acquisition date to 31 December 2013 are immaterial to the Group.

7. There is no loss of control of subsidiaries by disposal of equity interest for the current year.

8. There is no reverse acquisition of the Group for the current year.

9. There is no consolidation by merger of the Group for the current year.

10. Significant acquisition of minority interests for the current year

(1) On 8 February 2013, the Group completed its acquisition of remaining 11.42% of equity interests Raffles for a consideration of USD0.55 per share through its wholly owned subsidiary- CIMC Offshore. Since then, Raffles became a wholly owned subsidiary of CIMC Offshore.

The difference between the consideration paid for acquisition of minority interests and the additional share of the subsidiary's identifiable net assets was amounted to RMB136,434,000, which was recognised in capital surplus.

(2) On 31 December 2013, CIMC USA, the wholly owned subsidiary of the Group completed its acquisition of 40% of equity interests in of Direct Classis LLC for a consideration of USD6,101,000. Since then, Direct Classis LLC became a wholly owned subsidiary of CIMC USA.

The difference between the consideration paid for acquisition of minority interests and the additional share of the subsidiary's identifiable net assets amounted to RMB2,054,000, which was recognised in capital surplus.

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Significant disposal of subsidiary's equity for current year

In 2013, CIMC Vehicle, the Company's 80% owned subsidiary, disposed 75,056,000 number of ordinary shares of Enric at the price of HKD8.37 per share, representing approximately 3.19% equity interests, and received total proceeds of HKD628,219,000 (equivalent to RMB: 498,040,000). The difference between the proceeds from disposal and the share of the subsidiary's identifiable net assets was amounted to RMB279,273,000, which was recognised in capital surplus.

12. Exchange rates applied to financial statement items of foreign operations

	Average exchange rate		Benchmark rate on reporting date	
	2013	2012	31 December 2013	31 December 2012
USD	6.1767	6.3091	6.0976	6.2854
EUR	8.2372	8.1235	8.4175	8.3195
HKD	0.7964	0.8135	0.7862	0.8108
JPY	0.0623	0.0785	0.0578	0.0730

The shareholders' equity items other than "undistributed profits", income and expense items, and the cash flows are translated at the spot exchange rates at the dates of the transactions.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	31 December 2013				31 December 2012		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000		Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Cash on hand							
RMB	2,031	1.0000	2,031	RMB	1,119	1.0000	1,119
USD	28	6.0976	172	USD	21	6.2854	134
HKD	13	0.7862	10	HKD	17	0.8108	14
JPY	335	0.0578	19	JPY	753	0.0730	55
EUR	27	8.4175	226	EUR	29	8.3195	240
Others			19	Others			18
Sub-total			2,477				1,580
Bank deposits							
RMB	2,258,211	1.0000	2,258,211	RMB	1,777,496	1.0000	1,777,496
USD	175,360	6.0976	1,069,266	USD	282,272	6.2854	1,774,192
HKD	318,998	0.7862	250,804	HKD	82,389	0.8108	66,801
JPY	535,476	0.0578	30,935	JPY	530,164	0.0730	38,702
AUD	34,444	5.4289	186,995	AUD	17,779	6.5359	116,200
EUR	30,508	8.4175	256,800	EUR	65,527	8.3195	545,150
Others			75,316	Others			74,079
Sub-total			4,128,327				4,392,620
Other cash balances							
RMB	581,877	1.0000	581,877	RMB	599,864	1.0000	599,864
USD	9,514	6.0976	58,014	USD	36,180	6.2854	227,402
HKD	30	0.7862	23	HKD	90	0.8108	73
EUR	39	8.4175	329	EUR	–	8.3195	–
Sub-total			640,243				827,339
Total			4,771,047				5,221,539

As at 31 December 2013, restricted cash at bank and on hand of the Group amounted to RMB589,551,000 (31 December 2012: RMB824,027,000). Refer to Note V.22 for details.

As at 31 December 2013, restricted cash at bank and on hand of the Group included deposit with central bank totalling of RMB330,205,000 of Finance Company, the subsidiary of the Group (31 December 2012: RMB559,009,000). Finance Company is a finance institution authorised by the People's Bank of China.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets at fair value through profit or loss

(1) Classification of financial assets at fair value through profit or loss

	Note	31 December 2013	31 December 2012
Current Portion			
1. Investments in equity instrument held for trading			
– Listed companies	(3)	319,605	389,557
2. Derivative financial assets			
– Forward contract	(4)	132,134	12,684
3. Hedging Instrument		7,940	2,851
Total		459,679	405,092
Non-current Portion			
Derivative financial assets			
– Forward contract	(4)	934	–

(2) As at 31 December 2013, there is no material restriction of the investment in financial assets at fair value through profit or loss.

(3) The equity instruments held for trading are securities listed on the Stock Exchange of Hong Kong Limited, the Shenzhen Stock Exchange and the Singapore Exchange Limited, of which the fair value is determined at the closing price the Stock Exchange of Hong Kong Limited, the Shenzhen Stock Exchange and the Singapore Exchange Limited on the last trading day of the year.

(4) Derivative financial assets at fair value through profit or loss

As at 31 December 2013, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD1,902 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Australian Dollar and Pound. The nominal value of these amounted to JPY 964 million, EUR 14.60 million, AUD 8.70 million and GBP 4 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy/sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards 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 forwards contracts range from 6 January 2014 to 16 May 2015.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

(1) Classification of Notes receivable

	31 December 2013	31 December 2012
Bank acceptance notes	1,336,187	776,309
Trade acceptance notes	40,099	1,800
Total	1,376,286	778,109

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at 31 December 2013, the Group had no pledged notes receivable (31 December 2012: Nil).

(3) As at 31 December 2013, there were no amount transferred to accounts receivable from acceptance bills due to failure of performance by the issuers (31 December 2012: Nil).

(4) At 31 December 2013, the five largest amounts of outstanding notes receivable endorsed by the Group are:

Issuer	Issuance date	Maturity date	Amount	Notes
Luoyang Urban Development& Investment Group Co., Ltd.	27 December 2013	27 June 2014	10,000	Bank acceptance notes
Qingdao Yu Tiancheng Industrial Co., Ltd.	15 August 2013	15 February 2014	6,000	Bank acceptance notes
Beijing Futian International Trade Co., Ltd.	10 September 2013	10 March 2014	5,000	Bank acceptance notes
Shaanxi Emerging Era of Automobile Sales Co., Ltd.	15 October 2013	15 April 2014	5,000	Bank acceptance notes
Daqing Lianxin Technology Engineering Co., Ltd	28 October 2013	28 April 2014	5,000	Bank acceptance notes
Total			31,000	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

(1) Accounts receivables are analysed by customer categories as follows:

	31 December 2013	31 December 2012
Category containers	2,760,476	2,711,559
Category transportation vehicles	2,093,979	1,827,664
Category energy, chemistry and food equipment	2,516,083	2,215,151
Category offshore engineering	1,314,554	1,022,797
Category airport facilities	599,073	413,934
Category logistics services and equipment	1,020,275	122,126
Category others	163,684	294,723
Sub-total	10,468,124	8,607,954
Less: provision for bad debts	(401,635)	(369,921)
Total	10,066,489	8,238,033

(2) The ageing of accounts receivable is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year (inclusive)	9,175,028	7,524,749
1 to 2 years (inclusive)	358,007	814,730
2 to 3 years (inclusive)	719,123	162,123
Over 3 years	215,966	106,352
Sub-total	10,468,124	8,607,954
Less: provision for bad debts	(401,635)	(369,921)
Total	10,066,489	8,238,033

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivables are analysed by categories as follows:

		31 December 2013				31 December 2012			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
		Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	(4)	1,702,814	16.27%	171,748	10.09%	1,431,696	16.63%	169,086	11.81%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	(5)	290,223	2.77%	50,388	17.36%	45,659	0.53%	16,089	35.24%
That the related provision for bad debts is provided on the grouping basis*									
Group containers		2,524,211	24.11%	222	0.01%	2,435,399	28.30%	1,319	0.05%
Group transportation vehicles		1,495,750	14.29%	69,293	4.63%	1,689,304	19.62%	94,664	5.60%
Group energy, chemistry and food equipment		2,343,713	22.39%	70,510	3.01%	2,087,691	24.25%	61,903	2.97%
Group airport facilities		515,839	4.93%	24,442	4.74%	386,219	4.49%	22,377	5.79%
Group logistics services and equipment		923,262	8.82%	13,846	1.50%	285,541	3.32%	4,060	1.42%
Group others		672,312	6.42%	1,186	0.18%	246,445	2.86%	423	0.17%
Group sub-total	(6)	8,475,087	80.96%	179,499	2.12%	7,130,599	82.84%	184,746	2.59%
Total		10,468,124	100.00%	401,635	3.84%	8,607,954	100.00%	369,921	4.30%

Note*: This category includes accounts receivable individually tested but not impaired.

As at 31 December 2013, there were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivables are analysed by categories as follows: (Continued)

Individually significant items represent accounts receivable with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

Accounts receivable denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
RMB	5,559,228	1.0000	5,559,228	3,230,211	1.0000	3,230,211
USD	707,724	6.0976	4,315,419	697,967	6.2854	4,386,969
HKD	25,752	0.7862	20,246	21,384	0.8108	17,339
JPY	298,010	0.0578	17,225	520,829	0.0730	38,046
AUD	13,752	5.4289	74,658	25,099	8.3195	208,809
EUR	46,089	8.4175	387,954	103,649	6.5359	677,446
Others			93,394			49,134
Total			10,468,124			8,607,954

(4) As at 31 December 2013, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Group containers	229,906	2,942	1.28%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Group transportation vehicles	352,642	31,351	8.89%	
Group energy, chemistry and food equipment	167,274	5,084	3.04%	
Group offshore engineering	799,498	105,889	13.24%	
Group airport facilities	83,234	4,673	5.61%	
Group logistics services and equipment	64,483	21,779	33.77%	
Group others	5,777	30	0.52%	
Total	1,702,814	171,748	10.09%	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) As at 31 December 2013, accounts receivable with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Group containers	6,359	1,618	25.44%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Group transportation vehicles	245,587	30,548	12.44%	
Group energy, chemistry and food equipment	5,096	607	–	
Group offshore engineering	651	651	100.00%	
Group airport facilities	32,530	16,964	52.15%	
Group logistics services and equipment	–	–	–	
Total	290,223	50,388	17.36%	

(6) Accounts receivable that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	31 December 2013			31 December 2012		
	Ending balance		Provision for bad debts	Ending balance		Provision for bad debts
	Amount	% of total balance		Amount	% of total balance	
Within 1 year	8,072,731	77.12%	37,076	6,719,921	78.08%	86,718
1 to 2 years	227,024	2.17%	14,649	261,199	3.03%	18,576
2 to 3 years	106,062	1.01%	79,843	98,503	1.14%	29,011
Over 3 years	69,270	0.66%	47,931	50,976	0.59%	50,441
Total	8,475,087	80.96%	179,499	7,130,599	82.84%	184,746

The ageing is counted starting from the date the account receivable is recognised.

(7) The recovery of provision in current year

There were accounts receivable that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current year and it amounts to RMB7,768,000. The related revered bad debts provision amounts to RMB7,110,000 (2012: Nil).

(8) Accounts receivable that are written off in current year

There were no material accounts receivable that are written off in current year (2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(9) As at 31 December 2013, the five largest accounts receivable are analysed as follows:

Company Name	Relationship with the Group	Amount	Ageing	% of total balance
Soratu Drilling LLC	None	485,343	2 to 3 years	4.64%
Compagnie Maritime d'Affretement	None	422,145	Within 1 year	4.03%
Great Excel International Industrial Limited	None	414,634	Within 1 year	3.96%
Sea Containers Ltd.	None	413,394	Within 1 year	3.95%
Baerfield Drilling LLC	None	284,908	1 to 2 years	2.72%
Total		2,020,424		19.30%

The total amount of the Group's five largest accounts receivable at 31 December 2012 was RMB2,015,627,000, 23.41% of the total accounts receivable.

(10) Accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 31 December 2013, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of accounts receivable (31 December 2012:Nil).

(11) Accounts receivable from related parties are analysed as follows:

As at 31 December 2013, the Group's accounts receivable due from related parties amount to RMB278,250,000 (31 December 2012: RMB218,419,000), accounting for 2.66% of the total accounts receivable (31 December 2012: 2.54%).

		31 December 2013			31 December 2012		
Company name	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shanxi Heavy Duty Automobile Co., Ltd. ("SXHDA")	Minority shareholders of subsidiaries	90,605	0.87%	–	83,971	0.98%	–
C&C Trucks Co., Ltd. ("C&C Trucks")	Associate	57,927	0.55%	–	2,701	0.03%	–
Florens Maritime Limited	Subsidiary of significant shareholder	45,164	0.43%	–	352	–	–
Florens Container Corp. SA	Subsidiary of significant shareholder	26,771	0.26%	–	75	–	–
Other related parties		57,783	0.55%	–	131,320	1.53%	–
Total		278,250	2.66%	–	218,419	2.54%	–

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(12) Accounts receivable derecognised due to transfer of financial assets are analysed as follows:

Accounts receivable with a carrying amount of RMB487,524,000 (2012: RMB412,241,000) are derecognised due to transfer of financial assets in current year, with no losses occurred (2012: Nil). The accounts receivable are transferred to financial institutions without recourse.

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable

There were no securitised accounts receivable during the year (2012: Nil).

As at 31 December 2013, restricted accounts receivable amount to RMB148,235,000 (31 December 2012: Nil). Refer to Note V.22.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables

(1) Other receivables are analysed by categories as follows:

	31 December 2013	31 December 2012
Receivables arising from financing to related parities	1,160,797	638,940
Loans	206,517	504,369
Drawback tax receivable	438,385	280,829
Deposit	233,154	138,289
Prepayment for land and equipment	57,727	109,776
Receivable from transfer of equity investment	70,650	70,650
Others	760,283	512,520
Sub-total	2,927,513	2,255,373
Less: provision for bad debts	(122,452)	(140,938)
Total	2,805,061	2,114,435

(2) The ageing of other receivables is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year (Inclusive)	2,234,614	1,083,476
1 to 2 years (Inclusive)	90,325	224,138
2 to 3 years (Inclusive)	45,657	317,585
Over 3 years	556,917	630,174
Sub-total	2,927,513	2,255,373
Less: provision for bad debts	(122,452)	(140,938)
Total	2,805,061	2,114,435

The ageing is counted starting from the date the other receivable is recognised.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(3) Other receivables are analysed by categories as follows:

		31 December 2013				31 December 2012			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Note	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Other receivables with amounts that are individually significant	(4)	1,825,472	62.36%	46,157	2.53%	1,368,956	60.70%	71,145	5.20%
Other receivables with amounts that are not individually significant	(5)	1,102,041	37.64%	76,295	6.92%	886,417	39.30%	69,793	7.87%
Total		2,927,513	100.00%	122,452	4.18%	2,255,373	100.00%	140,938	6.25%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) As at 31 December 2013, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Receivables arising from financing to related parties	1,153,327	–	0%	Note 1
Receivables arising from transfer of equity investment	70,650	–	0%	Note 1
Receivables arising from purchase of land use right	15,650	–	0%	Note 1
Receivables arising from financing to third parties	115,171	–	0%	Note 1
Others	470,674	46,157	10%	Note 1
Total	1,825,472	46,157	3%	

Note 1: The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

(5) As at 31 December 2013, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

The Group assessed impairment of other receivables with amounts that are not individually significant and made provision of impairment of RMB76,295,000 as at 31 December 2013.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(6) The recovery of provision in current year

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current year (2012: Nil).

(7) Other receivables that are written off in current year

There were no material other receivables that are written off in current year (2012: Nil).

(8) As at 31 December 2013, the five largest other receivables are analysed as follows:

Company Name	Note	Relationship with the Group	Amount	Aging	% of total balance
C&C Trucks	(i)	Associate	635,825	within 1 year	21.68%
Marine Subsea & Consafe	(ii)	Associate	278,911	Over 3 years	9.53%
Frigstad Deepwater Holding Limited		Minority shareholders of subsidiaries	155,901	Within 1 year	5.33%
Local State administration of Taxation in Yantai Export processing zone		None	133,807	Within 1 year and 2 to 3 years	4.57%
China Merchants Property Development Co., Ltd ("SZMPD")		Significant shareholders of subsidiaries	70,650	Over 3 years	2.41%
Total			1,275,094		43.52%

The Group's five largest other receivables as at 31 December 2012 amounted to RMB1,122,435,000, accounting for 49.77% of the total other receivables.

(i) The Group lent C&C Trucks loans and paid daily transactions on behalf of C&C Trucks.

(ii) Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Since December 2007, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB217,226,000) as at 31 December 2011. Raffles recognised interest income according to loan agreement and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 (RMB61,685,000) from 2007 to 31 January 2011.

(9) Other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 31 December 2013, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables (31 December 2012:Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(10) As at 31 December 2013, other receivables from related parties are analysed as follows:

		31 December 2013				31 December 2012		
Company Name	Relationship with the Group	Amount	Nature	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
C&C Trucks	Associate	635,825	Funding, daily transactions	21.68%	–	171,166	7.59%	–
Marine Subsea & Consafe	Associate	278,911	Funding	9.53%	–	287,505	12.75%	–
Frigstad Deepwater Holding Limited	Minority shareholders of subsidiaries	155,901	Funding	5.33%	–	–	–	–
SZMPD	Significant shareholder of the Group	70,650	Transfer of equity investment	2.41%	–	70,650	3.13%	–
Others		98,062		3.35%	–	184,303	8.17%	–
Total		1,239,349		42.30%	–	713,624	31.64%	–

(11) Other receivables denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
RMB	2,119,056	1.0000	2,119,056	1,639,933	1.0000	1,639,933
USD	91,823	6.0976	559,899	64,078	6.2854	402,752
HKD	21,709	0.7862	17,068	49,403	0.8108	40,057
EUR	16,440	8.4175	138,387	14,933	8.3195	124,236
Others			93,103			48,395
Total			2,927,513			2,255,373

(12) As at 31 December 2013, there is no government grant recognised based on receivables.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers

(1) Advance to suppliers are analysed by categories as follows:

	31 December 2013	31 December 2012
Raw material (including equipments for ship under construction)	3,380,079	1,153,826
Cost of ship under construction	1,191	134,775
Others	195,560	107,283
Sub-total	3,576,830	1,395,884
Less: provision for bad debts	(183,026)	(182,842)
Total	3,393,804	1,213,042

(2) The ageing of advance to suppliers is analysed below:

	31 December 2013		31 December 2012	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	3,179,726	88.90%	954,528	68.38%
1 to 2 years (inclusive)	55,946	1.56%	239,605	17.17%
2 to 3 years (inclusive)	138,371	3.87%	21,228	1.52%
Over 3 years	202,787	5.67%	180,523	12.93%
Sub-total	3,576,830	100.00%	1,395,884	100.00%
Less: provision for bad debts	(183,026)	5.12%	(182,842)	13.10%
Total	3,393,804	94.88%	1,213,042	86.90%

The ageing is counted starting from the date of recognition of advance to suppliers.

Advance to suppliers aged over 1 year included steel purchase prepayment made to a supplier in total of RMB87,825,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2013, the Group had made full provision of RMB87,640,000 for unsettled balances.(31 December 2012: RMB87,640,000).

Other than the advance to suppliers mentioned above, the remaining advance to suppliers aged over 1 year mainly represented equipment purchase advance to suppliers for offshore engineering projects. The advance to suppliers are not settled because the construction period of the offshore engineering project usually last more than 1 year.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers (Continued)

(3) As at 31 December 2013, the five largest advance to suppliers are analysed as follows:

Company name	Relationship with the Group	Amount	% of total balance	Date of making advance	Reason for being unsettled
National oilwell Varco Norway AS	None	1,066,068	31.34%	2012-2013	Vessels still under construction within due date
Thrustmaster of Texas, Inc	None	221,645	6.52%	2008-2012	Goods not yet received within due date
Friede & Goldman Marketing BV	None	147,068	4.32%	2011-2013	Vessels still under construction within due date
AKER MH AS	None	91,604	2.69%	2012-2013	Goods transported in batches not yet received within due date
Stx Heavy Industries Co., Ltd.	None	85,857	2.52%	2011	Goods transported in batches not yet received within due date
Total		1,612,242	47.39%		

(4) Advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 31 December 2013, no amount advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of advance to suppliers (31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers (Continued)

(5) Advance to related parties are analysed as follows:

		31 December 2013			31 December 2012		
Company Name	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholders of subsidiaries	61	–	–	–	–	–
SXHDA	Minority shareholders of subsidiaries	7	–	–	134	0.01%	–
Xiamen CIMC Haitou Container Service Co., Ltd.	Associate	–	–	–	351	0.03%	–
Total		68	–	–	485	0.04%	–

(6) Advance to suppliers denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
RMB	834,831	1.0000	834,831	579,645	1.0000	579,645
USD	329,630	6.0976	2,009,937	118,729	6.2854	746,253
EUR	62,041	8.4175	522,231	5,634	8.3195	46,872
JPY	2,824,829	0.0578	163,194	–	–	–
GBP	3,137	10.0604	31,557	2,021	10.1626	20,536
HKD	1,536	0.7862	1,208	2,684	0.8108	2,176
AUD	858	5.4289	4,658	62	6.5359	402
Others			9,215			–
Total			3,576,831			1,395,884

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventories are summarised by categories as follows:

	31 December 2013			31 December 2012		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	4,344,076	(188,127)	4,155,949	4,260,175	(146,690)	4,113,485
Work in progress	2,395,311	(28,284)	2,367,027	2,094,286	(12,369)	2,081,917
Finished goods	3,029,760	(106,330)	2,923,430	3,540,952	(70,542)	3,470,410
Consignment stocks	166,835	(542)	166,293	203,874	(592)	203,282
Spare parts	62,071	–	62,071	70,811	–	70,811
Low-valued consumables	42,167	–	42,167	44,353	–	44,353
Materials in transit	55,202	–	55,202	63,803	–	63,803
Completed properties held for sale	186,157	186,157	139,254	–	139,254	
Properties under development	2,033,079	2,033,079	1,838,319	–	1,838,319	
Ship under construction	2,593,482	(77,567)	2,515,915	5,914,418	(148,698)	5,765,720
Offshore engineering equipment	1,453,300	–	1,453,300	243,372	–	243,372
Total	16,361,440	(400,850)	15,960,590	18,413,617	(378,891)	18,034,726

The Group's closing balances of inventories included capitalised borrowing cost amounting to RMB452,169,000 (31 December 2012: RMB427,156,000). The interest rate per annum at which the borrowing costs were capitalised was 4.77 % (2012: 5.58%).

As at 31 December 2013, the restricted inventories amount to RMB339,070,000 (31 December 2012: Nil), please refer to Note V.22.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(2) Inventories movement for the year is as follows:

	Beginning balance	Additions due to business combinations	Increase in current year	Decrease in current year	Ending balance
Raw materials	4,260,175	419,082	42,387,924	(42,723,105)	4,344,076
Work in progress	2,094,286	–	35,965,640	(35,664,615)	2,395,311
Finished goods	3,540,952	16,578	40,771,514	(41,299,284)	3,029,760
Consignment stocks	203,874	–	2,648,371	(2,685,410)	166,835
Spare parts	70,811	–	290,333	(299,073)	62,071
Low-valued consumables	44,353	–	212,214	(214,400)	42,167
Materials in transit	63,803	5,788	87,908	(102,297)	55,202
Completed properties held for sale	139,254	–	796,117	(749,214)	186,157
Properties under development	1,838,319	–	990,877	(796,117)	2,033,079
Ship under construction	5,914,418	–	2,539,889	(5,860,825)	2,593,482
Offshore engineering equipment	243,372	–	2,754,363	(1,544,435)	1,453,300
Total	18,413,617	441,448	129,445,150	(131,938,775)	16,361,440

(3) Provision for decline in the value of inventories are as follows:

Category	Beginning balance	Additions due to business conbinations	Increase in current year	Decrease in current year		Exchange differences arising from translating foreign operations	Ending balance
				Reversal	Write-off		
Raw materials	146,690	42,782	43,745	(25,123)	(17,967)	(2,000)	188,127
Work in progress	12,369	–	17,424	(1,841)	(509)	841	28,284
Finished goods	70,542	–	42,209	(13,028)	(461)	7,068	106,330
Consignment stocks	592	–	–	(50)	–	–	542
Ship under construction	148,698	–	78,573	(45,906)	(98,938)	(4,860)	77,567
Total	378,891	42,782	181,951	(85,948)	(117,875)	1,049	400,850

(a) The provision for decline in value of the Group's inventories during the year was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(3) Provision for decline in the value of inventories are as follows: (Continued)

(b) Written back of provision for decline in value of the Group's inventories during the year is as follows:

Category	Basis for provision	Reason for reversal/write-off	% of total balance
Raw materials	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.58%
Work in progress	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.08%
Finished goods	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.43%
Consignment stocks	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.03%
Ship under construction	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	1.77%

8. Current portion of non-current assets

	31 December 2013	31 December 2012
Finance leases	1,800,870	1,631,762
Less: unrealised financing income	(245,878)	(282,772)
Sales of goods by instalments	8,241	345,354
Others	–	3,049
Sub-total	1,563,233	1,697,393
Less: provision for impairment	(49,896)	(61,061)
Total	1,513,337	1,636,332

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other current assets

	31 December 2013	31 December 2012
Tax deductible/withheld	822,249	690,087
Other	379	384
Total	822,628	690,471

10. Available-for-sale financial assets

	31 December 2013	31 December 2012
Available-for-sale equity instruments(1)	7,342	609,751
Including: market value of listed securities	7,342	609,751
– Mainland China	–	601,356
– Hongkong, China	7,342	8,395

(1) During the year, available-for-sale financial assets held by the Group and the Company are equity investments in Otto Energy Limited with a carrying value of USD1,204,000 (RMB7,342,000).

(2) Detail information of the available-for-sale financial assets are as follows:

	31 December 2013	31 December 2012
Available-for-sale equity instruments		
– Fair value	7,342	609,751
– Historical cost	4,422	68,727
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	2,920	541,024

(3) As at the end of Reporting Period, the Group evaluates the available-for-sale equity instruments to determine whether the investments are impaired. The Group assesses that there is no objective evidence of impairment exists so that no impairment losses recorded in 2012 and 2013.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term receivables

Item	31 December 2013	31 December 2012
Finance Leases	3,333,028	3,111,214
Less: Unrealised financing income	(433,236)	(529,883)
Net finance leases	2,899,792	2,581,331
Sales of goods by instalments	123,951	30,296
Others	43,587	45,745
Sub-total	3,067,330	2,657,372
Less: provision for impairment	(114,912)	(116,798)
Total	2,952,418	2,540,574

The total future minimum lease receipts under finance leases after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are receivable as follows:

Minimum lease receipts	31 December 2013	31 December 2012
Within 1 year (inclusive)	1,800,870	1,631,762
1 and 2 years (inclusive)	1,283,217	1,014,213
2 and 3 years (inclusive)	661,255	564,213
Over 3 years	1,388,556	1,532,788
Less: unrealised finance income	(679,114)	(812,655)
Total	4,454,784	3,930,321

Long-term receivables with a carrying amount of RMB83,107,000 (2012: RMB1,502,989,000 with a gain of RMB251,453,000) was derecognised due to transferring of financial assets in current year.

	Amount	Gain or loss due to derecognition
Derecognition of long-term receivables under finance leases due to sold-out	1,184	540

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	Note	31 December 2013	31 December 2012
Joint ventures	V.12(2)	197,863	48,990
Associates	V.12(3)		
– quoted		231,903	247,619
– unquoted		708,681	1,227,920
Other long-term equity investments	V.12(4)	441,233	392,300
Sub-total		1,579,680	1,916,829
Less: provision for impairment		(3,067)	(3,067)
Total		1,576,613	1,913,762

The listed associates are Pteris Global Ltd listed on Singapore Exchange Limited, and TSC Offshore Group Limited ("TSC") listed on the Stock Exchange of Hong Kong Limited.

The fair value of the associates with quoted prices mentioned above is as follows:

	31 December 2013	31 December 2012
TSC	211,817	170,115
Pteris Global Ltd	66,996	46,672
Total	278,813	216,787

No substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments in joint ventures movement of the year is as follows:

	Accounting method	Investment cost	31 December 2012	Increase/ Decrease in investment	Share of net profit using the equity method	Share of other compre-hensive income	Cash dividend declared	change in foreign exchange rates	31 December 2013	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current year
Ruiji Logistics (Wuhu) Co., Ltd ("WHRJL")	Equity method	9,884	10,512	–	(157)	–	–	–	10,355	50.00%	50.00%	–	–
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("GXNFWL")	Equity method	15,000	22,321	–	5,711	–	–	–	28,032	50.00%	50.00%	–	–
Supercool (Shanghai) Refrigeration Equipment Co. Ltd ("SCSCRC")	Equity method	8,002	6,521	–	(1,781)	–	–	–	4,740	50.00%	50.00%	–	–
Shanghai Shenyi Special Vehicle Parts Co., Ltd ("Shanghai Shenyi")	Equity method	9,947	9,636	–	173	–	–	(304)	9,505	25.00%	25.00%	–	–
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	Equity method	33,771	–	69,262	1,455	–	(5,619)	–	65,098	38.25%	38.25%	–	–
Three Eyre Shanghai Zhenhua Logistics Co. Ltd. ("Shanghai Three Eyre")	Equity method	24,557	–	61,273	595	–	–	–	61,868	38.25%	38.25%	–	–
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. ("Kawasaki Zhenghua")	Equity method	14,063	–	17,832	433	–	–	–	18,265	38.25%	38.25%	–	–
Sub-total			48,990	148,367	6,429	–	(5,619)	(304)	197,863			–	–

Li Guiping who was management of the group was appointed as a non-executive director of Shanghai ShenYi. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors or deputies agree. The group assesses that Shanghai ShenYi are under joint control and should be accounted for using the equity method in the following period.

The board of directors of NYK Zhenhua consist of six directors, of which three directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors agree. The group assesses that NYK Zhenhua are under joint control and should be accounted for using the equity method in the following period.

The board of directors of Shanghai Three Eyre consist of six directors, of which three directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors agree. The group assesses that Shanghai Three Eyre are under joint control and should be accounted for using the equity method in the following period.

The board of directors of Kawasaki Zhenghua consist of seven directors, of which four directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until 2/3 of all attending directors agree. The group assesses that Kawasaki Zhenghua are under joint control and should be accounted for using the equity method in the following period.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(3) An analysis of long-term equity investments in associates movement of the year is as follows:

	Accounting method	Investment cost	31 December 2012	Increase/ Decrease in investment	Share of net profit using the equity method	Share of Other comprehensive income	Cash dividend declared	change in foreign exchange rates	31 December 2013	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current year
Xinyang Wood Hong Kong Co., Ltd. ("XYW")	Equity method	2,916	2,779	–	12	–	–	(7)	2,784	20.00%	20.00%	–	–
Ningbo Beilun Donghua Container Service Co., Ltd. ("NBBL")	Equity method	3,579	3,164	–	1,046	–	(1,050)	–	3,160	21.00%	21.00%	–	–
Tianjin Port CIMC Zhenhua Logistics Co., Ltd. ("Tianjin Port CIMC")	Equity method	21,403	43,809	(43,913)	104	–	–	–	–	–	–	–	–
Zhenhua Logistics Group Co., Ltd. ("Tianjin Zhenhua")	Equity method	302,144	483,059	(402,643)	4,176	–	(84,592)	–	–	–	–	–	–
Xiamen CIMC Haitou Container Service Co., Ltd. ("Xiamen CIMC")	Equity method	11,479	15,285	–	4,793	–	(2,981)	–	17,097	45.00%	45.00%	–	–
Dalian Jilong Logistics Co., Ltd. ("DLJLL")	Equity method	16,844	39,156	–	1,336	–	–	–	40,492	30.00%	30.00%	–	–
C&C Trucks	Equity method	540,000	326,517	–	(88,592)	–	–	–	237,925	45.00%	45.00%	–	–
Senju(Jiangmen) Technology Material Co., Ltd. ("Senju Technology")	Equity method	6,072	6,809	–	694	–	–	–	7,503	24.00%	24.00%	–	–
TRS Transportkoeling B.V. ("TRS")	Equity method	12,030	13,464	–	2,224	–	–	267	15,955	39.64%	39.64%	–	–
Eurotank Oy ("Eurotank")	Equity method	6,946	8,988	–	1,073	–	(597)	57	9,521	50.00%	50.00%	–	–
Shanghai Fengyang Real Estate Development Co., Ltd. ("Shanghai Fengyang")	Equity method	12,000	143,560	–	13,626	–	–	–	157,186	40.00%	40.00%	–	–
KYH Steel Holding Ltd. ("KYH")	Equity method	27,625	126,778	–	7,906	–	–	254	134,938	31.83%	31.83%	–	–
Xiamen CIMC Haitou Logistics Co., Ltd. ("Xiamen Haitou")	Equity method	6,153	5,622	–	(435)	–	–	–	5,187	49.00%	49.00%	–	–
Xiamen Hongji Container Development Co. Ltd. ("Xiamen Hongji")	Equity method	4,900	8,545	(11,771)	3,226	–	–	–	–	–	–	–	–
TSC Offshore Group Ltd. ("TSC")	Equity method	167,591	168,837	–	8,132	–	–	(104)	176,865	13.43%	13.43%	–	–
Pteris Global Ltd	Equity method	84,501	78,782	–	(21,455)	–	–	(2,289)	55,038	14.99%	14.99%	–	–
Marine Subsea & Consafe Limited	Equity method	2	2	–	–	–	–	–	2	40.00%	40.00%	(2)	–
Wuhan Automobile magazine Co. Ltd.	Equity method	383	383	–	80	–	–	–	463	19.00%	19.00%	–	–
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Equity method	1,616	–	1,616	112	–	–	–	1,728	22.50%	22.50%	–	–
BaZhou LiHua gas storage and transportation Co.,Ltd	Equity method	48,940	–	48,940	–	–	–	–	48,940	20.00%	20.00%	–	–
Jiangsu Ruicheng Machinery Co., Ltd ("Jiangsu Ruicheng")	Equity method	20,000	–	20,000	–	–	–	–	20,000	6.90%	6.90%	–	–
Chengdu Jihaixin Industrial Co., Ltd.	Equity method	1,800	–	1,800	–	–	–	–	1,800	32.00%	32.00%	–	–
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	Equity method	4,000	–	4,000	–	–	–	–	4,000	28.06%	28.06%	–	–
Total			1,475,539	(381,971)	(61,942)	–	(89,220)	(1,822)	940,584			(2)	–

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(3) An analysis of long-term equity investments in associates movement of the year is as follows: (Continued)

As at 31 December 2013, except for Marine Subsea & Consafe, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.

Mr. Yu Yuquan, the Group's secretary of the Board, was assigned as non-executive director of TSC on 15 March 2011. Therefore, the Group had significant influence over TSC and investment in TSC is measured for using the equity method.

Mr. Yu Yuquan, the Group's secretary of the Board, was assigned as non-executive director of Pteris Global Ltd on 24 September 2012. Therefore, the Group had significant influence over Pteris Global Ltd and investment in Pteris Global Ltd is measured for using the equity method.

The Group holds 19% shares in Wuhan Automobile magazine Co. Ltd. As Yang Guanghui of the company was appointed as a non-executive director of Wuhan Automobile magazine Co. Ltd., the Group considers it has significant influence on Wuhan Automobile magazine Co. Ltd. Therefore, the investment in Wuhan Automobile magazine Co. Ltd. is measured for using the equity method.

The Group holds 6.9% shares in Jiangsu Ruicheng. As Zheng Xianling of the company was appointed as a non-executive director of Jiangsu Ruicheng, the Group considers it has significant influence on Jiangsu Ruicheng. Therefore, the investment in Jiangsu Ruicheng is measured for using the equity method.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(4) An analysis of other long-term equity investments movement of the year is as follows:

	Accounting method	Investment cost	31 December 2012	Increase/ Decrease in investment	31 December 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Bank of Communications Schroder Fund Management Co., Ltd. ("BOCM Schroder")	Cost method	8,125	8,125	–	8,125	5.00%	5.00%	N/A	–	–	5,000
Donghua Container Transportation Service Co., Ltd.	Cost method	270	270	–	270	5.00%	5.00%	N/A	–	–	–
China United International Rail Containers Co., Ltd. ("CRIntermodal")	Cost method	380,780	380,780	–	380,780	10.00%	10.00%	N/A	–	–	–
Guangdong samsung enterprise group co., LTD ("Guangdong Samsung")	Cost method	1,365	1,365	–	1,365	0.09%	0.09%	N/A	(1,365)	–	–
Beihai Yinjian Investment Co.,Ltd. ("Beihai Yinjian")	Cost method	1,700	1,700	–	1,700	1.01%	1.01%	N/A	(1,700)	–	–
Others			60	48,933	48,993				–	–	–
Total			392,300	48,933	441,233				(3,065)	–	5,000

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(5) Main financial information of major associates is as follows:

	C&C Trucks		Shanghai Fengyang		KYH		Pteris		TSC	
	2013 31 December	2012 31 December	2013 31 December	2012 31 December	2013 31 December	2012 31 December	2013 31 December	2012 31 December	2013 31 December	2012 31 December
Cash at bank and on hand	245,816	328,177	178,598	71,878	99,778	107,628	100,284	68,211	149,707	188,951
Other current assets	1,474,168	788,368	1,432,787	948,391	987,620	1,060,597	252,432	441,055	1,316,210	986,441
Total current assets	1,719,984	1,116,545	1,611,384	1,020,269	1,087,398	1,168,225	352,716	509,266	1,465,917	1,175,392
Total non-current assets	1,942,630	1,958,701	187	240	53,963	103,186	141,509	154,340	565,293	580,293
Accounts payable	888,963	522,111	126,352	129,795	597,856	645,885	89,460	93,433	547,829	528,189
Other financial liabilities	1,040,975	749,135	1,061,627	282,122	–	–	212,885	233,906	204,707	83,626
Other current liabilities	735,058	685,925	31,714	250,778	31,310	143,903	–	–	7,019	–
Total current liabilities	2,664,996	1,957,171	1,219,693	662,695	629,166	789,788	302,345	327,339	759,556	611,815
Financial liabilities	7,868	11,551	–	–	–	–	15,568	588	59,634	22,652
Other non-current liabilities	449,647	369,545	–	–	88,262	83,325	1,866	2,830	37,922	6,019
Total non-current liabilities	457,515	381,096	–	–	88,262	83,325	17,434	3,418	97,557	28,671
Net assets	540,103	736,976	391,878	357,814	423,933	398,298	174,446	332,849	1,174,097	1,115,199
Total equity attributable to shareholders of the company	528,722	725,592	391,878	357,814	423,933	398,298	185,973	344,375	1,141,850	1,082,951
Adjustments according to fair value of net identifiable assets and Goodwill	–	–	1,085	1,085	–	–	181,195	181,195	155,764	155,764
Total equity attributable to shareholders of the company(adjusted)	528,722	725,592	392,963	358,899	423,933	398,298	367,168	525,570	1,297,614	1,238,716
Share holding (%)	45.00%	45.00%	40.00%	40.00%	31.83%	31.83%	14.99%	14.99%	13.63%	13.63%
Share of net profit of the Group	237,925	326,517	157,186	143,560	134,938	126,778	55,038	78,782	176,865	168,837
Provision for impairment	–	–	–	–	–	–	–	–	–	–
Long-term equity investments	237,925	326,517	157,186	143,560	134,938	126,778	55,038	78,782	176,865	168,837
Revenue	1,344,007	672,028	63,951	65,044	2,058,725	2,048,783	242,768	80,839	1,051,340	831,810
Depreciation and amortisation expenses	–	–	–	–	–	–	(12,792)	(3,699)	–	–
Interest income	–	–	(863)	(1,276)	–	–	–	–	–	–
Interest expenses	100,151	79,184	–	–	–	(29,263)	(6,668)	(1,402)	(19,827)	(13,134)
Total profit	(185,608)	(295,453)	38,666	30,545	27,427	29,443	(143,399)	(38,224)	67,610	25,012
Income tax expenses	11,265	(9,962)	4,602	7,673	2,588	5,570	(270)	(72)	(7,947)	(12,716)
Net profit	(196,873)	(285,491)	34,064	22,872	24,840	23,873	(143,129)	(38,152)	59,663	12,296

TSC is a company listed on the Stock Exchange of Hong Kong Limited, and its announcement day is late than CIMC's. After the Group's assessment, they consider TSC's operating results are not significant to the Group. So the TSC's operating results disclosed above is projected from its semi-annual report. And the Group will make adjustments based on its announcement in next year.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(6) The financial position and operating results of joint ventures are not significant to the Group, so their main financial information is not disclosed in the notes.

13. Investment properties

	Buildings	Land use rights	Total
Cost:			
Beginning balance	115,950	94,817	210,767
Business combination	66,744	47,044	113,788
Additions in current year	100,167	20,922	121,089
Disposal in current year	(24,414)	(5,072)	(29,486)
Ending balance	258,447	157,711	416,158
Accumulated depreciation/amortisation			
Beginning balance	12,731	14,368	27,099
Business combination	20,850	6,449	27,299
Transferred in current year	32,447	2,666	35,113
Depreciation/amortisation charged in current year	5,552	2,553	8,105
Decrease in current year	(5,583)	(686)	(6,269)
Ending balance	65,997	25,350	91,347
Carrying amount			
At the end of the year	192,450	132,361	324,811
At the beginning of the year	103,219	80,449	183,668

In 2013, RMB8,105,000 of depreciation and amortisation is charged for the investment properties (2012: RMB4,925,000).

There was no provision for impairment for investment properties in 2013 (2012: Nil).

The land use rights by locations and the approved land use periods are analysed as follows:

	31 December 2013	31 December 2012
Outside Hong Kong		
– 10 to 50 years	132,361	80,449

In 2013, the investment properties generated RMB51,752,000 (2012: RMB28,320,000) of lease income, and incurred RMB12,290,000 (2012: RMB5,256,000) of direct expenditures.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets

(1) Fixed assets by categories

	Buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering special equipment	Dock & Port	Total
Cost:							
Beginning balance	6,723,469	7,090,364	832,257	834,213	596,717	1,258,130	17,335,150
Additions due to business combination	806,925	320,109	154,315	72,728	–	–	1,354,077
Additions in current year	109,147	324,699	190,485	43,136	16,619	42,935	727,021
Transfers from construction in progress	549,913	761,567	50,242	21,915	61,335	33,225	1,478,197
Decrease in current year	(170,021)	(265,446)	(32,610)	(63,192)	(1,502)	(419)	(533,190)
Exchange differences arising from translating foreign operations	(13,166)	(37,839)	(1,978)	(460)	(22,431)	(38,559)	(114,433)
Ending balance	8,006,267	8,193,454	1,192,711	908,340	650,738	1,295,312	20,246,822
Accumulated depreciation							
Beginning balance	1,554,112	2,754,731	497,377	307,646	105,591	118,228	5,337,685
Additions due to business combination	165,083	84,733	43,958	63,724	–	–	357,498
Depreciation charged in current year	248,046	523,533	96,737	52,699	40,669	28,433	990,117
Decrease in current year	(48,256)	(166,905)	(24,395)	(46,405)	(52)	(254)	(286,267)
Exchange differences arising from translating foreign operations	(1,634)	(8,830)	(1,348)	(267)	(3,868)	(3,892)	(19,839)
Ending balance	1,917,351	3,187,262	612,329	377,397	142,340	142,515	6,379,194
Provision for impairment							
Beginning balance	322,629	65,551	526	12	–	–	388,718
Impairment provided in current year	1,034	3,685	539	266	–	–	5,524
Written off on disposal	(16,169)	(21,065)	–	–	–	–	(37,234)
Exchange differences arising from translating foreign operations	2,493	45	–	–	–	–	2,538
Ending balance	309,987	48,216	1,065	278	–	–	359,546
Carrying amount							
At the end of the year	5,778,929	4,957,976	579,317	530,665	508,398	1,152,797	13,508,082
At the beginning of the year	4,846,728	4,270,082	334,354	526,555	491,126	1,139,902	11,608,747

As at 31 December 2013, restricted fixed assets of the Group amounted to RMB14,632,000 (2012: RMB10,897,000). Refer to Note V.22 for details.

In 2013, depreciation charged to fixed assets amounts to RMB990,117,000 (2012: RMB847,720,000), of which RMB777,650,000 (2012: RMB666,010,000) has been charged in cost of sales, RMB37,015,000 (2012: RMB8,487,000) in selling and distribution expenses, and RMB175,452,000 (2012: RMB173,223,000) in general and administrative expenses.

The costs of fixed assets transferred from construction in progress amount to RMB1,478,197,000 (2012: RMB1,382,585,000).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(2) As at 31 December 2013, the Group had no temporarily idle fixed assets.

(3) Fixed assets held under finance leases

	31 December 2013			31 December 2012		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Machinery and equipment	35,576	(8,866)	26,710	39,411	(10,257)	29,154

(4) Fixed assets leased out under operating leases

	Carrying amount
Buildings	59,910
Machinery and equipment	95,341
Total	155,251

(5) Held-for-sale fixed assets

As at 31 December 2013, there were no held-for-sale fixed assets (31 December 2012: Nil).

(6) Fixed assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Factory	780,572	Put to use, certificate being in the progress	By the end of 2014
Office building	144,284	Put to use, certificate being in the progress	By the end of 2014
Workshop	250,773	Incomplete certificate, being in the progress	By the end of 2014
Dormitory and Canteen	50,687	Put to use, certificate being in the process	By the end of 2014
Warehouse	108,705	Lack of reporting materials, under preparation	By the end of 2014
Others	50,760	Certificate being in the progress	By the end of 2014
Total	1,385,781		

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress

(1) Construction in progress

	31 December 2013			31 December 2012		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Dalian Heavy Logistics Production Line equipment	9,345	–	9,345	19,762	–	19,762
XHCIMCS Production Line and Power Facilities Reconstruction Project	20,102	–	20,102	2,494	–	2,494
Eastern Logistic 3rd Phase Project	–	–	–	25,599	–	25,599
Raffles sea route project	–	–	–	45,303	–	45,303
Raffles Jack-up Drilling Platform	1,256,168	–	1,256,168	1,175,418	–	1,175,418
Raffles painting workshop	–	–	–	18,251	–	18,251
Raffles Terry project	126,066	–	126,066	96,989	–	96,989
MEA 1st stage R&D Project	317,555	–	317,555	236,705	–	236,705
TAS New Plant Project	107,030	–	107,030	42,425	–	42,425
TCCIMC new factory project	–	–	–	114,961	–	114,961
DLL special production line	313	–	313	17,485	–	17,485
Yangshan Logistic Diluent recovery project	–	–	–	15,622	–	15,622
Tianjin CIMC 48 m/min plate automatic production line	15,917	–	15,917	15,274	–	15,274
Tianjin CIMC automatic processing workshop project	16,360	–	16,360	12,712	–	12,712
TCCIMC LFYD-00 continuous roof forming production line	11,760	–	11,760	11,760	–	11,760
Dalian Railway steel equipment warehouse	815	–	815	10,296	–	10,296
Ningbo CIMC No. 4 costing line	–	–	–	10,019	–	10,019
SZ Investment Holding Qianhai Office	24,186	–	24,186	–	–	–
Raffles Drilling Platform H194	658,990	–	658,990	–	–	–
Raffles 600T Crane (E022198015)	41,635	–	41,635	–	–	–
Raffles Plane block production line (E22026)	22,115	–	22,115	–	–	–
Raffles Solid pile frame workshop (E82005)	18,589	–	18,589	–	–	–
Raffles Terminal	16,502	–	16,502	–	–	–
Raffles power line (power supply, gas supply) phase ii	13,557	–	13,557	–	–	–
Raffles paint workshop phase ii	11,570	–	11,570	–	–	–
Raffles 600T Crane base (E022198014)	11,076	–	11,076	–	–	–
QDCRC building steel structure of 1#, 2# factory	38,346	–	38,346	–	–	–
QDCRC Roads and other infrastructure construction projects	22,806	–	22,806	–	–	–
QDCRC factories and warehouses constructions	22,302	–	22,302	–	–	–
Vessels under construction of leasing company	3,406,804	–	3,406,804	–	–	–
Others	494,710	–	494,710	410,794	(1,876)	408,918
Total	6,684,619	–	6,684,619	2,281,869	(1,876)	2,279,993

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of RMB447,536,000 (2012: RMB78,991,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.36% (2012: 5.04%).

As at 31 December 2013, amounting RMB1,223,018,000 construction in progress of the Group are with restrictions in ownership (2012: RMB1,184,650,000). Refer to Note V.22 for details.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress in current year

	Budgeted amount	31 December 2012	Additions due to business combinations	Increase in current year	Transfer to fixed assets	31 December 2013	Proportion of expenditures incurred to budgeted amount	Progress of construction	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current year	Capitalisation rate	Source of funds	Exchange differences arising from translating foreign operations
Dalian Heavy Logistics Production Line equipment	143,392	19,762	–	9,911	(20,328)	9,345	55.00%	55.00%	–	–	–	Self-funding	–
XHCIMCS Production Line and Power Facilities Reconstruction Project	22,942	2,494	–	33,572	(15,964)	20,102	87.62%	80.00%	–	–	–	Self-funding	–
Eastern Logistic 3rd Phase Project	469,365	25,599	–	4,569	(30,168)	–	95.74%	100.00%	–	–	–	Self-funding	–
Raffles sea route project	73,737	45,303	–	–	(45,303)	–	61.40%	100.00%	–	–	–	Self-funding	–
Raffles Jack-up Drilling Platform	1,256,168	1,175,418	–	117,783	–	1,256,168	100.00%	100.00%	100,484	32,526	4.09%	Self-funding and bank loan	(37,033)
Raffles painting workshop	20,000	18,251	–	138	(18,389)	–	91.94%	100.00%	–	–	–	Self-funding	–
Raffles Terry project	126,066	96,989	–	29,077	–	126,066	100.00%	99.99%	–	–	–	Self-funding	–
MEA 1st stage R&D Project	398,000	236,705	–	80,850	–	317,555	79.79%	99.00%	21,416	14,091	5.25%	Self-funding and bank loan	–
TAS New Plant Project	320,000	42,425	–	64,605	–	107,030	33.45%	60.00%	3,461	2,467	6.15%	Bank loan	–
TCCIMC new factory project	583,097	114,961	–	227,957	(342,918)	–	88.00%	100.00%	–	–	–	Self-funding	–
DLL special production line	35,728	17,485	–	10,289	(27,461)	313	77.74%	100.00%	1,081	971	6.60%	Self-funding and bank loan	–
Yangshan Logistic Diluent recovery project	20,000	15,622	–	1,186	(16,808)	–	84.04%	100.00%	–	–	–	Self-funding	–
Tianjin CIMC 48 m/min plate automatic production line	20,000	15,274	–	643	–	15,917	80.00%	80.00%	–	–	–	Self-funding	–
Tianjin CIMC automatic processing workshop project	20,000	12,712	–	3,648	–	16,360	82.00%	85.00%	–	–	–	Self-funding	–
TCCIMC LFYD-00 continuous roof forming production line	16,800	11,760	–	–	–	11,760	70.00%	70.00%	–	–	–	Self-funding	–
Dalian Railway steel equipment warehouse	12,870	10,296	–	3,533	(13,014)	815	101.00%	100.00%	–	–	–	Self-funding	–
Ningbo CIMC No. 4 costing line	11,600	10,019	–	1,048	(11,067)	–	95.41%	100.00%	–	–	–	Self-funding	–
SZ Investment Holding Qianhai Office	32,089	100	–	24,086	–	24,186	75.37%	75.00%	–	–	–	Self-funding	–
Raffles Drilling Platform H194	686,681	–	–	667,538	–	658,990	95.96%	95.96%	62,675	17,907	4.09%	Self-funding and bank loan	(8,548)
Raffles 600T Crane (E022198015)	43,365	–	–	42,175	–	41,635	96.00%	96.00%	–	–	–	Self-funding	(540)
Raffles Plane block production line (E22026)	67,000	–	–	22,402	–	22,115	33.00%	33.00%	–	–	–	Self-funding	(287)
Raffles Solid pile frame workshop (E82005)	20,922	–	–	18,830	–	18,589	88.84%	88.84%	–	–	–	Self-funding	(241)
Raffles Terminal	16,502	–	–	16,716	–	16,502	100.00%	99.99%	–	–	–	Self-funding	(214)
Raffles power line (power supply, gas supply) phase ii	15,059	–	–	13,732	–	13,557	90.00%	90.00%	–	–	–	Self-funding	(175)
Raffles paint workshop phase ii	14,461	–	–	11,720	–	11,570	80.00%	80.00%	–	–	–	Self-funding	(150)
Raffles 600T Crane base (E022198014)	12,305	1,126	–	10,113	–	11,076	90.00%	90.00%	–	–	–	Self-funding	(163)
QDCRC building steel structure of 1#, 2# factory	54,780	–	–	38,346	–	38,346	70.00%	70.00%	–	–	–	Self-funding	–
QDCRC Roads and other infrastructure construction projects	27,270	–	–	22,806	–	22,806	83.63%	83.63%	–	–	–	Self-funding	–
QDCRC factories and warehouses constructions	37,170	–	–	22,302	–	22,302	60.00%	60.00%	–	–	–	Self-funding	–
Vessels under construction of leasing company	17,991,316	–	–	3,454,588	–	3,406,804	18.94%	22.37%~98.78%	257,737	112,031	4.36%	Bank loans and convertible bonds	(47,784)
Others		407,692	9,101	1,029,647	(936,777)	494,710			682	682	–		(14,953)
Total		2,279,993	9,101	5,983,810	(1,478,197)	6,684,619			447,536	180,675			(110,088)

As at 31 December 2013, no provision for impairment for construction in progress was made by the Group (31 December 2012: RMB1,876,000).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets

(1) Intangible assets by categories

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Cost								
Beginning balance	3,144,793	1,017,986	226,678	105,504	135,035	80,123	–	4,710,119
Additions due to business combination	247,898	91,328	–	104,200	–	–	53,300	496,726
Increase in current year	154,445	41,463	–	–	–	2,436	–	198,344
Decrease in current year	(38,464)	(10,032)	–	–	–	–	–	(48,496)
Exchange differences arising from translating foreign operations	(11,529)	(1,389)	(6,879)	958	(1,145)	(2,425)	–	(22,409)
Ending balance	3,497,143	1,139,356	219,799	210,662	133,890	80,134	53,300	5,334,284
Accumulated amortisation								
Beginning balance	382,054	630,141	99,800	78,279	81,742	12,121	–	1,284,137
Additions due to business combination	36,849	838	–	–	–	–	–	37,687
Amortisation charged in current year	74,005	79,162	4,405	20,664	1,017	3,570	182,823	
Decrease in current year	(4,437)	(9,688)	–	–	–	–	–	(14,125)
Exchange differences arising from translating foreign operations	(1,040)	(771)	(3,085)	917	(1,133)	(294)	–	(5,406)
Ending balance	487,431	699,682	101,120	99,860	81,626	15,397	–	1,485,116
Provision for impairment								
Beginning balance	–	–	99,968	–	52,264	–	–	152,232
Exchange differences arising from translating foreign operations	–	–	(3,033)	–	–	–	–	(3,033)
Ending balance	–	–	96,935	–	52,264	–	–	149,199
Carrying amount								
At the end of the year	3,009,712	439,674	21,744	110,802	–	64,737	53,300	3,699,969
At the beginning of the year	2,762,739	387,845	26,910	27,225	1,029	68,002	–	3,273,750

In 2013, amortisation expenses of intangible assets amount to RMB182,823,000 (2012: RMB237,605,000) in total, of which RMB182,823,000 (2012: RMB237,605,000) is recognised in profit or loss for the current period.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets (Continued)

(2) Land use rights by locations and approved land use periods are analysed as follows:

	31 December 2013	31 December 2012
Outside Hong Kong		
– 10 to 50 years	3,009,712	2,762,739

(3) Intangible assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Nantong Tank Land (2008) No. 0301018	69,153	Certificate being in the progress	By the end of 2014
SCIMCEL Tangkeng land use right	60,556	Certificate being in the progress	By the end of 2014
Qingdao CIMC phase II land	57,843	Certificate being in the progress	By the end of 2014
Nantong Tank Land (2009) No. 0301030	50,107	Certificate being in the progress	By the end of 2014
XHCIMCS Yinzhou lake production base	42,316	Certificate being in the progress	By the end of 2014
Wuhu Vehicle Phase III land	8,107	Certificate being in the progress	By the end of June 2014
YZTHT land	4,286	Certificate being in the progress	By the end of 2014
Qingdao CIMC Reefer land	2,355	Certificate being in the progress	By the end of 2014
SCIMCEL dormitory-CIMC garden land	1,956	Certificate being in the progress	By the end of 2014
Total	296,679		

After the evaluation of board of directors of the Group, the aforementioned intangible assets with pending certificates has no risk of impairment. The group assesses at the end of each reporting period whether there is objective evidence that assets other than inventory, financial assets and other long term equity investments are impaired to make sure that its carrying amount doesn't exceed its recoverable amount. If there is evidence indicates it is possible that the carrying amount of long term assets could not recover, the related asset should be deemed impaired and recognise impairment loss.

(4) As at 31 December 2013, there were no intangible assets of the Group with restriction in ownership (31 December 2012: Nil).

(5) As at 31 December 2013, the intangible asset with indefinite useful lives is Gas station Franchise which amount to RMB53,300,000 (31 December 2012: Nil)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill

Name of investee or goodwill items	Note	Beginning balance	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Enric	(1)	572,701	–	(26,366)	–	546,335
TGE SA	(2)	178,811	–	–	656	179,467
Technodyne		27,430	–	–	–	27,430
Gadidae AB		12,254	–	–	–	12,254
YPDI		86,558	–	–	–	86,558
Bassoe	(3)	–	132,245	–	–	132,245
Zhenhua Group	(3)	–	21,994	–	–	21,994
Others		413,240	11,586	–	(11,339)	413,487
Sub-total		1,290,994	165,825	(26,366)	(10,683)	1,419,770
Less: provision for impairment						
Gadidae AB		12,254	–	–	–	12,254
Others		11,578	–	–	–	11,578
Sub-total		23,832	–	–	–	23,832
Total		1,267,162	165,825	(26,366)	(10,683)	1,395,938

(1) **The Group paid RMB1,094,076,000 as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities was recognised as goodwill attributable to Enric. As at 31 December 2013, goodwill attributable to Enric amounted to RMB546,335,000 (2012: RMB572,701,000).**

The recoverable amount of Enric is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 13%. The cash flows beyond the ten-year budget period were assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on key assumptions of 10% of gross profit ratio and 3%~10% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

Goodwill derecognised in 2013 arose from disposal of 3.19% of the equity interests in Enric (Note IV 11).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

(2) The Group paid RMB243,096,000 as acquisition cost for the 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities was recognised as goodwill attributable to TGE SA. As at 31 December 2013, goodwill attributable to TGE SA amounted to RMB179,467,000 (2012: RMB178,811,000).

The recoverable amount of TGE SA is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 12%. The cash flows beyond the ten-year budget period were assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of TGE SA was based on key assumptions of 13.8% of gross profit ratio and 3%-6% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

(3) The details of goodwill arose from acquisition of Bassoe and Zhenhua Group, refer to IV. 6(1), IV. 6(2).

(4) Impairment test for asset group including goodwill

The goodwill allocated to the asset groups and groups of asset groups are summarised by operating segments as follows:

	31 December 2013	31 December 2012
Container asset group	127,524	127,524
Road transportation vehicles asset group	72,607	77,752
Energy, chemical and food equipment asset group	900,409	926,119
Offshore engineering asset group	234,338	103,135
Logistics services and equipment asset group	26,018	–
Asset groups with insignificant allocation percentage of goodwill group	35,042	32,632
Total	1,395,938	1,267,162

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Long-term prepaid expenses

	Beginning balance	Additions due to business combinations	Additions in current year	Amortisation in current year	Exchange differences arising from translating foreign operations	Ending balance
Yard facility expenses	12,560	–	2,967	(2,817)	–	12,710
Rental	3,528	–	2,019	(2,963)	–	2,584
Project insurance	3,301	–	18,370	(397)	(328)	20,946
Improvements to fixed assets held under operating leases	2,583	–	1,254	(1,084)	–	2,753
Water and electricity capacity enlargement expenses	1,086	–	–	(294)	(1)	791
Operating lease interest expenses	–	5,877	1,640	(207)	–	7,310
Others	24,889	7,753	29,812	(12,623)	(850)	48,981
Sub-total	47,947	13,630	56,062	(20,385)	(1,179)	96,075
Less: provision for impairment	–	–	–	–	–	–
Total	47,947	13,630	56,062	(20,385)	(1,179)	96,075

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	31 December 2013		31 December 2012	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	699,393	143,546	700,105	154,652
Provisions	627,866	119,400	694,234	142,764
Employee benefits payable	1,603,419	378,868	1,409,704	332,487
Accrued expenses	233,385	44,391	283,662	61,695
Deductible losses	650,214	162,435	473,485	105,516
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	27,254	6,775	109,688	27,407
Others	101,028	24,959	119,897	28,584
Sub-total	3,942,559	880,374	3,790,775	853,105
Offsetting amount	(106,316)	(23,968)	(542,826)	(135,308)
Offsetting balances	3,836,243	856,406	3,247,949	717,797
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	(139,320)	(31,035)	(24,104)	(5,500)
Available-for-sale financial assets	(2,920)	(730)	(541,024)	(130,138)
Movement for fair value of hedging instrument	(10,974)	(1,646)	(5,885)	(883)
Revaluation gain through combination	(722,751)	(193,063)	(745,851)	(185,228)
Estimated dividend income earned for non-resident foreign enterprises	(3,892,743)	(355,651)	(4,810,979)	(405,726)
Others	(446,955)	(103,043)	(201,698)	(58,227)
Sub-total	(5,215,663)	(685,168)	(6,329,541)	(785,702)
Offsetting amount	106,316	23,968	542,826	135,308
Offsetting balances	(5,109,347)	(661,200)	(5,786,715)	(650,394)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities

(2) Unrecognised deferred tax assets

	31 December 2013	31 December 2012
Deductible losses	833,015	714,548
Impairment losses of timber Concession rights	22,119	22,119
Others	66,658	66,658
Total	921,792	803,325

(3) Deductible losses that are not recognised as deferred tax assets will expire in the following years:

	31 December 2013	31 December 2012	Note
2013	–	102,868	
2014	185,744	270,604	
2015	374,180	459,040	
2016	1,876,729	1,961,589	
2017	1,207,327	1,292,187	
After 2017	1,611,201	758,870	Note 1
Total	5,255,181	4,845,158	

Note 1: By the end of 2012 and 2013, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

At 31 December 2013, temporary differences relating to undistributed profits of Enric and its subsidiaries amounted to RMB864,129,000 (2012: RMB684,749,000). Deferred tax liabilities of RMB84,807,000 (2012: RMB64,316,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as Enric controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits available for appropriation to Enric will not be distributed in the foreseeable future.

At 31 December 2013, the Group had no unrecognised deferred tax liabilities.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Other non-current assets

	31 December 2013	31 December 2012
Prepayment for construction	33,267	61,881
Prepayment for buildings	41,999	41,999
Prepayment for machinery	3,625	39,853
Prepayment for land use right	20,738	38,785
Prepayment for equity	17,420	17,420
Prepayment for trade receivables	116,962	–
Entrusted loans	98,049	–
Others	1,037	3,102
Total	333,097	203,040

21. Provision for asset impairment

	Beginning balance	Additions due to business combinations	Increase in current year	Decrease in current year		Exchange differences arising from translating foreign operations	Ending balance
				Reversal	Write-off		
Provision for bad debts							
Including: provision for bad debts of accounts receivable	369,921	22,074	80,670	(34,070)	(33,847)	(3,113)	401,635
Provision for bad debts of other receivables	140,938	14	26,821	(19,418)	(24,132)	(1,771)	122,452
Provision for bad debts of advances to suppliers	182,842	–	3,151	–	(261)	(2,706)	183,026
Provision for bad debts of current portion of non-current assets	61,061	–	–	(11,165)	–	–	49,896
Provision for bad debts of long-term receivables	116,798	6,699	11	(8,596)	–	–	114,912
Provision for decline in value of inventories	378,891	42,782	181,951	(85,948)	(117,875)	1,049	400,850
Provision for impairment of long-term equity investments	3,067	–	–	–	–	–	3,067
Provision for impairment of fixed assets	388,718	–	5,524	–	(37,234)	2,538	359,546
Provision for impairment of construction in progress	1,876	–	–	–	(1,876)	–	–
Provision for impairment of intangible assets	152,232	–	–	–	–	(3,033)	149,199
Provision for impairment of goodwill	23,832	–	–	–	–	–	23,832
Total	1,820,176	71,569	298,128	(159,197)	(215,225)	(7,036)	1,808,415

Please refer to the respective notes of the assets for reasons of the provisions.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Restricted assets

As at 31 December 2013, assets with restrictions in their ownership are as follows:

	Note	Beginning balance	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Assets guaranteed						
– Cash at bank and on hand	V.1	824,027	2,397,524	(2,626,267)	(5,733)	589,551
– Accounts receivable	V.4	–	148,235	–	–	148,235
– Inventories	V.7	–	339,070	–	–	339,070
– Fix assets	V.14	10,897	11,577	(7,842)	–	14,632
– Construction in progress	V.15	1,184,650	74,720	–	(36,352)	1,223,018
Total		2,019,574	2,971,126	(2,634,109)	(42,085)	2,314,506

The above fixed assets and intangible assets were secured for bank loans. Refer to Note V.23, Note V.34 and Note V.36 for short-term and long-term secured loans analysis. The restricted cash at bank and on hand were guarantee deposit and deposit with the People's Bank of China by Finance Company.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Short-term borrowings

(1) Classification of short-term borrowings

	Note	31 December 2013	31 December 2012
Guaranteed	(a)		
RMB		10,000	495,156
USD		609,756	2,541,196
HKD		–	117,583
EUR		–	213,180
Sub-total		619,756	3,367,115
Pledged	(b)		
USD		724,593	608,602
Impawn	(c)		
RMB		12,848	–
EUR		11,577	–
Sub-total		24,425	–
Unsecured			
RMB		280,362	249,801
USD		4,698,684	1,116,460
EUR		860,777	90,466
GBP		–	5,870
AUD		36,183	93
Sub-total		5,876,006	1,462,690
Total		7,244,780	5,438,407

(a) As of 31 December 2013, guarantee borrowings of the Group included bank loans amounting to RMB10,000,000 guaranteed by Enric for its subsidiaries and RMB609,756,000 guaranteed by Raffles for its subsidiaries.

(b) As at 31 December 2013, Raffles, the subsidiary of the Company, used YCRO's construction contract of H195 drilling platform project, lease contract of H195 drilling platform project signed with Dragon Oil, operation agreement of H195 drilling platform project signed with Momentum Engineering, it's stake in Caspian Driller Pte and guarantee slip from China Export&Credit Insurance Corporation (effective from the 6th withdrawal) as pledge to borrow loan from China Development Bank amounting to USD96,310,000. Also TAS and SCRC used invoice from trade receivable amounting to USD11,546,000 (equivalent to RMB70,400,000) and USD12,765,000 (equivalent to RMB77,835,000) respectively as pledge to borrow loan from bank amounting to USD10,391,000 (equivalent to RMB63,360,000) and USD12,135,000 (equivalent to RMB73,986,000) respectively.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Short-term borrowings (Continued)

(1) Classification of short-term borrowings (Continued)

(c) As at 31 December 2013, Hongxin Berg used pledged deposits amounting to RMB3,500,000 as impawn conditions to borrow loans amounting to RMB12,848,000. Also Ziegler used fixed assets and inventories with a total amount of EUR 1,375,000 (equivalent to RMB11,577,000) as impawn conditions to borrow loans from bank which amount to EUR 1,375,400 (equivalent to RMB11,577,000).

(d) As at 31 December 2013, there is no short-term borrowing to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.

(e) As at 31 December 2013, the weighted average interest rate of short-term borrowings is 2.50% annually (31 December 2012: 3.89%).

(2) Short-term borrowings that are due but not repaid

As at 31 December 2013, the Group had no past due and un-repaid short-term borrowings.

24. Financial liabilities at fair value through profit or loss

	Note	31 December 2013	31 December 2012
Current			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	1,297	3,869
– swap contract for interest rate	(i)	–	8,987
Sub-total		1,297	12,856
Non-current			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	301	298
– swap contract for interest rate	(i)	26,865	81,944
Sub-total		27,166	82,242
Total		28,463	95,098

(i) As at 31 December 2013, the Group had 2 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD109,000,000. The maturity dates of these interest rate swap contracts range from 28 April 2017 and 29 December 2018. As at 31 December 2013, the company recognised on the foresaid contracts in their fair values of RMB26,865,000 as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Notes payable

	31 December 2013	31 December 2012
Bank acceptance notes	885,662	778,922
Trade acceptance notes	279,209	210,788
Other notes payable	8,490	–
Total	1,173,361	989,710

The above notes payable are due within one year.

26. Accounts payable

(1) The Group's accounts payable is as follows:

	31 December 2013	31 December 2012
Raw materials suppliers	7,781,645	7,059,420

The ageing of accounts payable is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year	7,394,944	6,714,327
1 to 2 years	204,088	220,521
2 to 3 years	81,389	51,445
Over 3 years	101,224	73,127
Total	7,781,645	7,059,420

As at 31 December 2013, accounts payable over 1 year with a carrying amount of RMB386,701,000 (31 December 2012: RMB345,093,000) are mainly payables related to offshore engineering business. The payable are not settled because the construction period of the offshore engineering project usually last more than 1 year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Accounts payable (Continued)

(1) The Group's accounts payable is as follows: (Continued)

Accounts payable denominated in foreign currencies are as follows:

Currency	31 December 2013 Amount in foreign currency '000	31 December 2013 Exchange rate	31 December 2013 Amount in RMB '000	31 December 2012 Amount in foreign currency '000	31 December 2012 Exchange rate	31 December 2012 Amount in RMB '000
RMB	6,733,415	1.0000	6,733,415	5,871,059	1.0000	5,871,059
USD	124,097	6.0976	756,692	123,291	6.2854	774,925
HKD	1,197	0.7862	941	1,681	0.8108	1,363
JPY	12,048	0.0578	696	61,095	0.0730	4,463
EUR	20,860	8.4175	175,587	25,258	8.3195	210,134
AUD	8,587	5.4289	46,619	13,352	6.5359	87,265
Others			67,695			110,211
Total			7,781,645			7,059,420

(2) Accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company or accounts payable are as follows:

Company name	Relationship with the Group	31 December 2013 Amount	31 December 2013 % of total balance	31 December 2012 Amount	31 December 2012 % of total balance
TSC Offshore Group Limited	Associate company	93,854	1.21%	85,050	1.20%
WHRJL	Joint Venture company	50,756	0.65%	7,620	0.11%
Other related parties		6,789	0.09%	25,086	0.35%
Total		151,399	1.95%	117,756	1.66%

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Advances from customers

(1) The Group's advances from customers is as follows:

	31 December 2013	31 December 2012
Advances for goods	2,326,678	1,905,725
Advances for construction	47,200	211,174
Advances for property	332,001	380,573
Others	215,009	225,010
Total	2,920,888	2,722,482

As at 31 December 2013, there is no amount due to shareholders who hold 5% or more of the voting rights of the Company in the balance of advances from customers (2012: Nil).

Advances from customers denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
Currency	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
RMB	2,158,531	1.0000	2,158,531	1,595,505	1.0000	1,595,505
USD	100,126	6.0976	610,527	116,344	6.2854	731,262
EUR	1,360	8.4175	11,449	3,536	8.3195	29,416
HKD	3,870	0.7862	3,043	35,226	0.8108	28,562
AUD	13,619	5.4289	73,935	47,326	6.5359	309,323
Others			63,403			28,414
Total			2,920,888			2,722,482

As at 31 December 2013, there was no significant advances from customers aged over one year.

(2) The Group's advances from customers due to related parties is as follows:

		31 December 2013		31 December 2012	
Company name	Relationship with the Group	Amount	% of total balance	Amount	% of total balance
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Associate	2,277	0.08%	–	–
Total		2,277	0.08%	–	–

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable

	Beginning balance	Business combination	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Wages and salaries, bonuses, allowances and subsidies	1,347,771	41,055	3,758,105	(3,720,307)	(2,197)	1,424,427
Senior management bonus	407,812	–	–	(19,206)	–	388,606
Profit-sharing bonus	–	–	66,916	–	–	66,916
Termination benefits	6,548	–	4,911	(4,853)	77	6,683
Cash-settled share-based payments	492	–	–	–	(16)	476
Housing funds	5,030	3,027	138,496	(134,029)	(64)	12,460
Labor union funds and employee education funds	56,614	678	34,076	(47,728)	(114)	43,526
Staff welfare and others	195,296	10,536	1,323,871	(1,296,009)	(47)	233,647
Total	2,019,563	55,296	5,326,375	(5,222,132)	(2,361)	2,176,741

Please refer to Note VII for cash-settled shared-based payments.

As at 31 December 2013, no defaulted payables are included in the balance of employee benefits payable.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management; therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Taxes payable

	31 December 2013	31 December 2012
Value-added-tax payable	88,098	50,891
Business tax payable	11,245	17,236
Enterprise income tax payable	369,023	515,363
Withholding individual income tax	19,566	14,519
City maintenance and construction tax payable	29,497	52,892
Educational surcharge payable	22,984	42,204
Land appreciation tax	88,616	24,893
Others	54,108	29,532
Total	683,137	747,530

30. Interest payable

	31 December 2013	31 December 2012
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	10,909	10,501
Interest of short-term borrowings	22,491	9,570
Interest of corporate debentures	180,088	176,670
Others	40	6,547
Total	213,528	203,288

31. Dividends payable

	31 December 2013	31 December 2012
Minority shareholders of subsidiaries	197,897	38,747

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables

(1) The analysis of the Group's other payables is as follows:

	Note	31 December 2013	31 December 2012
Advance received		1,402,372	969,977
Transportation expenses		444,328	734,772
Accruals		946,826	612,202
Advance received for shipbuilding	(4)	410,366	423,004
Current account with subsidiary's minority		414,133	350,125
Quality guarantees		436,813	319,940
Equipment or land use rights		224,393	195,375
Professional and training fees		13,034	67,198
Housing maintenance fees		18,021	21,590
Royalties		19,190	20,355
Insurances		14,896	16,504
Others		675,126	561,555
Total		5,019,498	4,292,597

Other payables denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
RMB	3,311,291	1.0000	3,311,291	1,984,086	1.0000	1,984,086
USD	230,169	6.0976	1,403,470	266,970	6.2854	1,678,011
HKD	45,458	0.7862	35,741	107,342	0.8108	87,033
JPY	37,788	0.0578	2,183	2,931	0.0730	214
EUR	26,171	8.4175	220,298	58,147	8.3195	483,750
AUD	1,713	5.4289	9,298	5,116	6.5359	33,441
Other	29,747		37,217			26,062
Total			5,019,498			4,292,597

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables (Continued)

(2) As at 31 December 2013, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables. Other payables to related parties:

Company name	Relationship with the Group	31 December 2013	31 December 2012
Marine Subsea & Consafe	Associate	410,366	423,004
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	164,634	–
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	152,237	253,513
Quercus Limited	Minority shareholder of subsidiary	48,488	–
Gasfin Investment S.A	Minority shareholder of subsidiary	48,185	45,660
TSC Offshore Group Limited	Associate	30,893	13,384
Shanghai Fengyang	Associate	26,390	2,454
Shunde Binuo Sunshine Real Estate Co., Ltd	Minority shareholder of subsidiary	–	43,850
Other related parties		1,842	8,465
Total		883,035	790,330

(3) Significant other payables aged over one year:

As at 31 December 2013, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) Raffles and Gadidae AB entered into a shipbuilding contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB in 2007. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB received USD67,300,000, equivalent to RMB410,366,000, progress billing from MSC in 2007.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Provisions

	Note	Beginning balance	Increase in current year	Payment in current year	Reversal in current year	Exchange differences arising from translating foreign operations	Ending balance
Product warranties	(1)	661,612	296,424	52,160	224,212	(12,230)	669,434
Guarantees for third parties	(2)	4,219	–	–	–	–	4,219
Others	(3)	87,661	53,104	4,527	22,145	(3,265)	110,828
Total		753,492	349,528	56,687	246,357	(15,495)	784,481

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

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary – TAS.

(3) HI provide guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. HI would provide provision for the possible loss considering the credit quality.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Current portion of non-current liabilities

(1) The analysis of the Group's current portion of non-current liabilities by categories is as follows:

	Note	31 December 2013	31 December 2012
Current portion of long-term borrowings			
– Unsecured	(2)	2,281,341	1,257,100
– Guaranteed		6,062	–
– Pledged		122,989	–
Sub-total		2,410,392	1,257,100
Current portion of long-term payables	(3)	47,016	4,840
Current portion of other non-current liabilities		1,367	–
Total		2,458,775	1,261,940

There were no overdue borrowings with extended maturity included in current portion of long-term borrowings.

(2) Current portion of long-term borrowings

(a) Current portion of long-term borrowings denominated in foreign currencies are as follows:

	31 December 2013			31 December 2012		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Bank borrowings						
– RMB	2,181,497	1.0000	2,181,497	–	1.0000	–
– USD	24,000	6.0976	146,341	200,000	6.2855	1,257,100
– EUR	105,000	0.7862	82,554	–	8.3195	–
			2,410,392			1,257,100

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Current portion of non-current liabilities (Continued)

(2) Current portion of long-term borrowings (Continued)

(b) As at 31 December 2013, the five largest current portion of long-term borrowings are as follows:

					31 December 2013		31 December 2012	
	Starting date	Ending date	Currency	Interest rate (%)	Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
The Export-import Bank of China	01/02/2011	01/02/2014	RMB	Note (i)	500,000	500,000	500,000	500,000
The Export-import Bank of China	15/06/2011	15/06/2014	RMB	Note (i)	400,000	400,000	400,000	400,000
The Export-import Bank of China	28/07/2011	18/07/2014	RMB	Note (i)	300,000	300,000	300,000	300,000
The Export-import Bank of China	10/08/2011	10/08/2014	RMB	Note (i)	300,000	300,000	300,000	300,000
The Export-import Bank of China	21/06/2011	21/06/2014	RMB	Note (i)	200,000	200,000	200,000	200,000
Total						1,700,000		1,700,000

Note (i): Execute People's Bank of China export seller's credit rate, quarterly reviewed.

(3) Current portion of long-term payables

As at 31 December 2013, current portion of long-term payables included net financial leasing payable of RMB46,942,000, which is total amount of RMB51,160,000 minus unrecognised financing expenses of RMB4,218,000 and payables to compensate employee occupation disease of RMB74,000.

As at 31 December 2012, current portion of long-term payables included net financial leasing payable of RMB4,731,000, which is total amount of RMB4,886,000 minus unrecognised financing expenses of RMB155,000 and payables to compensate employee occupation disease of RMB109,000.

The Group had no financial leasing guaranteed by independent third parties.

35. Other current liabilities

	31 December 2013	31 December 2012
Commercial paper issued by the Group	1,920,321	–

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings

(1) The analysis of the Group's long-term loans is as follows:

	Note	31 December 2013	31 December 2012
Bank borrowings			
– Unsecured		7,151,439	4,596,695
– Pledged	(a)	550,726	547,620
– Guaranteed	(b)	52,979	2,497,470
– Impawn	(c)	6,099	–
Total		7,761,243	7,641,785

Long-term borrowings denominated in foreign currencies are as follows:

	31 December 2013				31 December 2012			
	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
– RMB	People's Bank of China's export seller's credit rates, will be reviewed every quarter to PBOC's Benchmark Rate+10%	910,313	1.0000	910,313	4.76% for the 1st quarter and will be reviewed every quarter to PBOC's Benchmark Rate+10%	3,520,454	1.0000	3,520,454
– USD	3%~3-month LIBOR+310BP	1,056,736	6.0970	6,442,920	1-month LIBOR+190BP~3-month LIBOR+315BP	587,100	6.2855	3,681,507
– HKD	3-month HIBOR+210BP~3-month LIBOR+230BP	435,000	0.7862	342,008	HIBO+2.2%~3-month LIBOR+230BP	584,604	0.8108	438,647
– AUD	8.63%	270	5.4289	1,468	8.63	180	6.5359	1,177
– CAD	LIBOR+310BPS	11,269	5.7265	64,534	–	–	–	–
				7,761,243				7,641,785

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings (Continued)

(1) The analysis of the Group's long-term loans is as follows: (Continued)

(a) As at 31 December 2013, the Group's long-term pledged borrowings were borrowed by CIMC USA Leasing amounted to USD79,736,000 (equivalent to RMB486,192,000) and CAD 11,269,240 (equivalent to RMB64,534,000) which was pledged by the subject matters of financing lease contracts.

(b) As at 31 December 2013, the Group's long-term guaranteed borrowings comprise borrowings amounting to RMB1,000,000 guaranteed by Enric for its subsidiaries and borrowings amounting to RMB51,979,000 guaranteed by Xiamen Hongxin Entrepreneur Incubator Investment Co. Ltd. for Hongxin Berg.

(c) As at 31 December 2013, the Group's long-term Impawn borrowings are pledged deposits loan from Hongxin Berg. The pledged deposits amount to RMB3,500,000 (Meanwhile it is also the short-term Impawn borrowings).

(d) No amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings.

(e) As at 31 December 2013, the weighted average interest rate of long-term borrowings is 3.43% annually (31 December 2012: 3.24%).

(2) As at 31 December 2013, the five largest long-term borrowings are as follows:

					31 December 2013		31 December 2012	
	Starting date	Ending date	Currency	Interest rate (%)	Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
China Development bank	13/12/2013	21/06/2016	USD	6-month LIBOR+310BP	520,000	3,170,369	225,100	1,414,834
Syndicated loan	13/03/2012	13/01/2015	USD	1-month LIBOR+190BP	225,000	1,371,794	100,000	628,536
Syndicated loan	02/05/2012	07/11/2015	USD	3-month LIBOR+230BP	100,000	609,686	500,000	500,000
Syndicated loan	04/01/2012	07/11/2015	HKD	3-month LIBOR+230BP	390,000	306,628	65,000	408,548
China Development bank	02/07/2013	01/12/2015	USD	3-month LIBOR+310BP	40,000	243,902	400,000	400,000
Total						5,702,379		3,351,918

As at 31 December 2013, there were no overdue long-term borrowings of which the durations are extended.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Debentures payable

	Beginning balance	Increase in current year	Decrease in current year	Ending balance
Medium-term notes	5,990,833	2,580	–	5,993,413
Convertible bonds	471,402	–	(14,085)	457,317
Total	6,462,235	2,580	(14,085)	6,450,730

(1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	Amortization in current year	Discount at the end of the year	Effect of foreign exchange rate changes	Ending balance
Medium-term notes – 11CIMC MTN1	4,000,000	23 May 2011	5 years	4,000,000	(9,167)	2,580	(6,587)	–	3,993,413
Medium-term notes – 12CIMC MTN1	2,000,000	24 May 2012	3 years	2,000,000	–	–	–	–	2,000,000
Convertible bonds	471,402	10 December 2012	3 years	471,402	–	–	–	(14,085)	457,317
Total									6,450,730

The company issued medium-term notes (MTN) on 20 May 2011 with a ceiling of RMB6 billion to institutional investors in the national inter-bank bond market. The first phase of MTN with a total amount of RMB4 billion, a term of five years from 23 May 2011 to 22 May 2016, par value of RMB100 per note and fixed interest rate of 5.23% per annum was successfully issued publicly. Interest is to be paid on 23rd May each year in the arrears until redemption and par value is to be paid on 23 May 2016. The notes are unsecured and targets institutional investors in the national inter-bank market.

The company issued the second phase of MTN on 22 May 2012 with a total amount of RMB2 billion, a term of three years from 24 May 2012 to 23 May 2015, par value of RMB100 per note and fixed interest rate of 4.43% per annum. Interest is to be paid on 24th May each year in the arrears until redemption and par value is to be paid on 24 May 2015. The notes are unsecured and targets institutional investors in the national inter-bank market.

China Merchants Bank Co., Ltd. is the lead underwriter. Book building and centralised placing were adopted for this issue. The MTN recorded as debenture was subsequently measured at amortized cost using the effective interest.

NSR, a subsidiary of the financial leasing, issued three-year convertible bonds ("CB") to third party investor on 10 December, 2012. The par value and the amount was USD75,000,000 with fixed interest rate of 5%. If NSR's offshore drilling platform project have completed and found the eligible leasee, the CB would directly converted to the Category B shares of NSR. In addition, during the life of the CB, the bond holder has the rights to convert the CB to Category B shares of NSR. At the CB maturity date, if the holder have chosen not convert, the NSR should buy-back all the CB and ensure the redemption price could enable the holder obtain 15% internal rate of return.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Debentures payable (Continued)

(1) Related information is as follows: (Continued)

According to the agreement, when the CB have converted to Category B shares of NSR, NSR should buy-back 25%, 25% and 50% of the Category B shares at the end of 3, 4, and 5 years after the issuance of CB, respectively. The redemption price would depend on the offshore drilling platform's lease or sales price, but should make sure the original CB holder obtain not less than 15% internal rate of return. The group has made provisions of financing cost of the convertible bonds on the basis of 15% in other payables.

38. Long-term payables

	31 December 2013	31 December 2012
Financial Leasing payables	120,317	23,056
Payable to minority shareholders	120,789	120,789
Others	1,886	1,258
Total	242,992	145,103

(1) As at 31 December 2013, the five largest long-term payables are as follows:

Lender	Expiration date	Initial amount	Interest rate (%)	Interest accrued	Ending balance	Conditions
Minority shareholders of subsidiaries	–	–	–	–	120,789	–
Jiangyin Lin Sheng machinery Co., Ltd.	2014.01-2016.12	31,740	8.55%	2,560	31,740	–
Beijing New Universal Science and Technology Co., Ltd.	2014.01-2015.11	23,920	8.04%	1,820	23,920	–
Shanghai Zhongkai Group co., Ltd.	2013.11-2015.08	23,500	12.86%	1,000	23,500	–
Quanzhou yongsheng Electroplating Industrial Co., Ltd.	2017.01.01	–	–	–	10,000	–
Total					209,949	

As at 31 December 2013, there is no long-term payables of the Group denominated in USD (31 December 2012: RMB23,056,000).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Long-term payables (Continued)

(2) Details of payable for finance leases

As at 31 December 2013, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

minimum lease payments	31 December 2013	31 December 2012
Within 1 year (inclusive)	51,160	4,886
Over 1 year but within 2 years (inclusive)	12,882	4,886
Over 2 years but within 3 years (inclusive)	18,520	4,886
Over 3 years	90,467	14,040
Sub-total	173,029	28,698
Less: unrecognised finance expenses	(5,770)	(911)
Carrying amounts	167,259	27,787

Please refer to Note V.34 for net financial leasing payable due within one year minus unrecognised financing expenses.

The Group had no financial leasing guaranteed by third party in the year.

(3) As at 31 December 2013, there is no amount due to the shareholders who hold 5% or more of the voting rights of the Company. Amount due to related parties is as follows:

Company name	Relationship with the Company	31 December 2013	31 December 2012
Shunde Furi Real Estate Investment Co., Ltd	Subsidiaries minority shareholder	120,789	120,789
Total		120,789	120,789

39. Payables for specific projects

	Beginning balance	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Project funds	4,802	904	(1,971)	–	3,735

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Other non-current liabilities

	Note	31 December 2013	31 December 2012
Deferred income	(1)	386,429	348,630

(1) Deferred income

	31 December 2013	31 December 2012
Government grants related to assets		
TAS industrial base project	30,593	30,000
Enric relocation compensation	143,715	143,715
Enric new factory government grants	94,273	94,273
TCCIMC land compensation	22,957	23,523
MEA special funds to support industrial innovation	8,279	9,199
Shandong R&D fund	5,220	7,871
QDCSR Polyurethane foam industry HCFC-141B fund	5,598	–
Zhenhua Group Drop and Pull Transport program	15,397	–
Others	9,764	7,843
Government grants related to income		
Enric major technology application fund	30,225	6,000
Others	20,408	26,206
Total	386,429	348,630

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Other non-current liabilities (Continued)

(1) Deferred income (Continued)

	31 December 2012	Business combination	Newly acquired government grants	Amortised to non-operating income	Other changes	31 December 2013	Related to assets/income
Enric relocation compensation	143,715	–	–	–	–	143,715	Related to assets
Enric new factory government grants	94,273	–	–	–	–	94,273	Related to assets
TAS industrial base project	30,000	–	600	(7)	–	30,593	Related to assets
Enric major technology application fund	6,000	–	24,225	–	–	30,225	Related to income
TCCIMC land compensation	23,523	–	–	(566)	–	22,957	Related to assets
Zhenhua Group Drop and Pull Transport program	–	9,634	6,440	(677)	–	15,397	Related to assets
CQLE Land grant fee refund	8,824	–	–	(201)	–	8,623	Related to income
MEA special funds to support industrial innovation	9,199	–	–	(920)	–	8,279	Related to assets
MEA-other	6,121	–	200	(20)	–	6,301	Related to income
QDCSR Polyurethane foam industry HCFC-141B fund	–	–	5,598	–	–	5,598	Related to assets
Shandong R&D fund	7,871	–	90	(1,517)	(1,224)	5,220	Related to assets
Others	19,104	–	6,930	(1,960)	(8,826)	15,248	Related to assets
Total	348,630	9,634	44,083	(5,868)	(10,050)	386,429	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Share capital

	31 December 2012 '000	Decrease in current year '000	Change of shares subject to selling restriction '000	**31 December 2013 '000**
Shares subject to trading restriction				
– Held by domestic natural person	371	330	–	**701**
Shares not subject to trading restriction				
– RMB-denominated ordinary shares	1,231,544	–	(330)	**1,231,214**
– Foreign shares listed overseas	1,430,481	–	–	**1,430,481**
Total	2,662,396	330	(330)	**2,662,396**

	31 December 2011 '000	Decrease in current year '000	Change of shares subject to selling restriction '000	31 December 2012 '000
Shares subject to trading restriction				
– Held by domestic natural person	373	–	(2)	371
Shares not subject to trading restriction				
– RMB-denominated ordinary shares	1,231,544	–	–	1,231,544
– Foreign shares listed domestically	1,430,479	(1,430,479)	–	–
– Foreign shares listed overseas	–	1,430,479	2	1,430,481
Total	2,662,396	–	–	2,662,396

The par value of the aforesaid shares was RMB1.00 per share.

On 19 December 2012, the Company's B shares changed listing location and went publication on the main market of the Stock Exchange of Hong Kong through the way of introduction. Henceforth, all the company's B shares converted to overseas listed foreign shares (H shares).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Capital surplus

	31 December 2012	Increase in current year	Decrease in current year	31 December 2013
Share premium	201,222	–	–	201,222
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	43,754
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Change in fair value and disposal of available-for-sale financial assets	541,024	–	(538,104)	2,920
– Effective portion of changes in fair value of cash flow hedges	5,885	5,089	–	10,974
– Deferred tax effect	(131,021)	130,008	(763)	(1,776)
– Equity settled share-based payment	312,377	88,206	–	400,583
– Capital surplus due to share option exercised by subsidiary	1,880	3,299	–	5,179
– Capital surplus due to minority shareholders' contribution	101,376	–	–	101,376
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	178,916	278,273	–	457,189
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	78,457	–	(188,790)	(110,333)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
Others	104,118	–	–	104,118
Total	930,482	504,875	(727,657)	707,700

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Capital surplus (Continued)

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Share premium	201,222	–	–	201,222
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	43,754
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Change in fair value of available-for-sale financial assets	503,276	37,748	–	541,024
– Effective portion of changes in fair value of cash flow hedges	12,784	–	(6,899)	5,885
– Deferred tax effect	(122,756)	–	(8,265)	(131,021)
– Equity settled share-based payment	196,954	115,423	–	312,377
– Capital surplus due to share option exercised by subsidiary	–	1,880	–	1,880
– Capital surplus due to minority shareholders' contribution	79,024	22,352	–	101,376
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	–	178,916	–	178,916
– Capital surplus due to corporate restructuring	–	–	(42,696)	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	247,114	–	(168,657)	78,457
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
Others	102,699	1,630	(211)	104,118
Total	799,261	357,949	(226,728)	930,482

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Surplus reserve

	31 December 2012	Increase in current year	Decrease in current year	31 December 2013
Statutory surplus reserve	1,269,744	61,452	–	**1,331,196**
Discretionary surplus reserve	1,790,092	–	–	**1,790,092**
Total	3,059,836	61,452	–	**3,121,288**

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Statutory surplus reserve	1,163,068	106,676	–	1,269,744
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	2,953,160	106,676	–	3,059,836

In accordance with the Company Law 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. At the end of 31 December 2013, the statutory surplus reserve accumulated to 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Undistributed profits

	Note	2013	2012
Undistributed profits at the beginning of the year		13,392,795	12,785,092
Add: net profit attributable to the Company for the current period		2,180,321	1,939,081
Less: appropriation for surplus reserve		(61,452)	(106,676)
Less: ordinary share dividends payable	(1)	(612,351)	(1,224,702)
Undistributed profits at the end of the year	(2)	14,899,313	13,392,795

(1) Dividends of ordinary shares declared during the year

	2013	2012
Dividends proposed but not declared	–	–
Total proposed dividends in the year	612,351	1,224,702

In accordance with the resolution at the shareholders' general meeting of the Company, dated on 28 June 2013, the Company paid a cash dividend in the amount of RMB0.23 per share to the ordinary shareholders on 15 August 2013 (2012: RMB0.46 per share), amounting to RMB612,351,000 calculated by issued shares (2012: RMB1,224,702,000).

(2) Undistributed profits at the end of the year

As at 31 December 2013, the net profit attributable to the Company included an appropriation of RMB895,468,000 to surplus reserve made by the subsidiaries (31 December 2012: RMB781,057,000).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of sales

(1)

	2013	2012
Revenue from main operations	56,699,378	52,944,160
Revenue from other operations	1,175,033	1,389,897
Cost of sales from main operations	47,683,165	44,122,978
Cost of sales from other operations	559,195	478,279

There was no individual construction contract whose revenue amounted to more than 10% of the total revenue.

(2) **Revenue and cost of sales from main operations by industries and by products**

	2013		2012	
Industry	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers	20,742,617	17,914,037	24,536,883	20,542,280
Road transportation vehicles	12,710,935	10,878,433	13,391,366	11,737,514
Energy and chemistry equipment	10,977,969	8,734,675	8,922,887	7,191,674
Offshore business	3,457,644	3,473,166	1,794,133	1,676,172
Airport facilities	836,688	588,824	682,234	510,526
Logistics services and equipment	5,954,903	5,189,031	2,035,892	1,642,601
Others	2,018,622	904,999	1,580,765	822,211
Total	56,699,378	47,683,165	52,944,160	44,122,978

(3) **Revenue and cost of sales from main operations by locations**

	2013		2012	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R China	51,509,655	43,146,391	46,976,604	39,360,607
America	1,827,487	1,654,810	1,697,876	1,520,158
Europe	1,787,657	1,574,318	2,804,330	2,342,730
Asia	591,614	460,149	245,806	195,773
Others	982,965	847,497	1,219,544	703,710
Total	56,699,378	47,683,165	52,944,160	44,122,978

The revenue and cost of sale from main operations by locations is determined on the location at which the services were provided or the goods were delivered.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of sales (Continued)

(4) Revenue and cost of sales from other operations

	2013		2012	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	622,975	283,810	902,984	52,772
Sale of raw materials	552,058	275,385	486,913	425,507
Total	1,175,033	559,195	1,389,897	478,279

(5) Revenue from the five largest customers of the Group in 2013

Customer	Revenue	% of total revenue
Cronos Containers Ltd.	2,503,402	4.32%
Great Excel International Industrial Limited	1,684,495	2.91%
TAL International Container Corporation	1,627,757	2.81%
SEACO SRL	1,479,201	2.56%
Hapag-Lloyd AG	1,162,950	2.01%
Total	8,457,805	14.61%

In 2012, revenue from the five largest customers of the Group with an amount of RMB11,434,570,000, accounts for 21.05% of the total revenue of the Group.

46. Taxes and surcharges

	2013	2012	Tax base
Business tax	146,516	145,171	3% – 5% of revenue
City maintenance and construction tax	123,129	133,928	7% of VAT and business tax paid
Educational surcharge	89,804	99,820	3% – 5% of VAT and business tax paid
Land appreciation tax	140,368	106,536	Appreciation amount in transferring property and applicable tax rate
Others	7,751	20,585	
Total	507,568	506,040	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Selling and distribution expenses

	2013	2012
Transportation and distribution expenses	698,206	764,296
External sales commission	38,680	47,332
Employ benefit	428,301	235,374
Warranty	69,641	133,239
Others	597,905	585,456
Total	1,832,733	1,765,697

48. General and administrative expenses

	2013	2012
Low-value consumables and materials consumed	93,295	93,251
Rental	107,514	59,487
Depreciation	175,452	173,223
Employ Benefit	1,453,137	1,416,372
Taxes and surcharges	160,611	144,233
Agency fee	172,765	277,488
Audit fees	8,260	5,630
Technology development costs	501,949	357,628
Amortisation	150,453	210,082
Performance bonus and president bonus	452,560	221,293
Share-based payment expenses	91,059	118,279
Office expenditure, entertainment fee and others	674,497	643,738
Total	4,041,552	3,720,704

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Financial expenses-net

	2013	2012
Interest expenses	877,600	907,869
Including: Bank borrowings	551,363	561,866
Finance leases	5,469	71,196
Debentures payable	312,520	266,232
Other liabilities	8,248	8,575
Less: borrowing costs capitalised	(339,469)	(161,821)
Interest income	(248,698)	(295,015)
Exchange (gains)/losses	72,182	(322)
Others	77,377	73,846
Total	438,992	524,557

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	31 December 2013		31 December 2012	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	575,781	–	561,866	–

50. Profit/(losses) from changes in fair value

	2013	2012
Financial assets at fair value through profit or loss		
– Changes in fair value during the year		
1. Profit/(losses) from changes in fair value of equity instrument held for trading	16,855	21,152
2. Losses from changes in fair value of derivative financial instrument	120,530	(12,562)
– Profit/(losses) for derecognised financial assets at fair value through profit or loss	(13,936)	46,571
Sub-total	123,449	55,161
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the year		
1. Losses from changes in fair value of derivative financial instrument	66,434	3,400
Total	189,883	58,561

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Investment (losses)/income

(1) Investment (losses)/income by categories

	2013	2012
Income earned during the holding period of financial assets at fair value through profit or loss	–	6,661
(Loss)/income from disposal of financial assets at fair value through profit or loss	13,936	(40,140)
Income earned during the holding period of available-for-sale financial assets	13,222	11,138
Income earned from disposal of available-for-sale financial assets	534,108	–
Income from long-term equity investment under cost method	5,000	5,124
Loss from long-term equity investment under equity method	(55,513)	(76,731)
Income from disposal of long-term equity investment	916	3
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date recognised investment losses	(4,792)	–
Others	1,800	(3,906)
Total	508,677	(97,851)

Investment income from listed investments amount to RMB547,943,000 and investment losses from non-listed investments amount to RMB39,266,000(in 2012 investment losses from listed and non-listed investments amount to RMB26,384,000 and RMB71,467,000 respectively).

(2) In investment income from long-term equity investment under cost method, investees that contributed investment income for more than 5% of the Group's total profit, or the top five investees that contributed most to the Group's investment income are set out as follows:

Investee	2013	2012	Reason for current year fluctuation
BOCM Schroder Stolt Fund Management	5,000	5,000	Cash dividend was distributed during the year
Stolt Donghua Container Co., Ltd	–	50	No cash dividend distributed during the year
Total	5,000	5,050	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Investment (losses)/income (Continued)

(3) In investment income from long-term equity investment under equity method, investees that contributed investment income for more than 5% of the Group's total profit, or the top five investees that contributed most investment income to the Group's total profit are set out as follows:

Investee	2013	2012	Reason for current year fluctuation
C&C Trucks	(88,593)	(128,471)	Changes in profit and loss of the investee
Pteris Global Ltd	(21,455)	(5,719)	Changes in profit and loss of the investee
Shanghai Fengyang	13,626	9,149	Changes in profit and loss of the investee
TSC Offshore Group Ltd. ("TSC")	8,132	1,676	Changes in profit and loss of the investee
KYH Steel Holding Ltd. ("KYH")	7,906	7,599	Changes in profit and loss of the investee
Total	(80,384)	(115,766)	

There is no significant restriction on the remittance of investment income.

52. Asset impairment losses

There was no significant restriction on the remittance of investment income to the investor.

	2013	2012
Accounts receivable	46,600	43,363
Advance to suppliers	3,151	93,115
Other receivables	7,403	20,853
Inventories	96,003	74,838
Current portion of non-current assets	(11,165)	36,599
Long-term receivables	(8,585)	75,831
Fixed assets	5,524	190,596
Construction in progress	–	1,876
Total	138,931	537,071

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Non-operating income

(1) Non-operating income by categories

	2013	2012	Amount recognised in non-recurring profit or loss in 2013
Gains on disposal of fixed assets	11,282	14,451	11,282
Gains on disposal of intangible assets	140	70,250	140
Compensation income	5,369	26,229	5,369
Penalty income	10,850	3,712	10,850
Gains on fixed assets surplus	120	4,079	120
Gains on merger and acquisition of associate companies	35,017	54,750	35,017
Government grants	155,423	133,270	155,423
Others	56,022	53,624	56,022
Total	274,223	360,365	274,223

There is no significant restriction on the remittance of investment income.

(2) Details of government grants

	2013	2012	Related to assets/earnings
Land subsidies and technology research and development support	1,517	2,477	Related to assets
Financial subsidies	150,233	126,548	Related to earnings
Tax refund	1,780	3,008	Related to earnings
Others	1,893	1,237	Related to earnings
Total	155,423	133,270	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Non-operating expenses

	2013	2012	Amount recognised in non-recurring profit or loss in 2013
Losses on disposal of fixed assets	34,718	47,034	34,718
Losses on disposal of intangible assets	1	535	1
Donations	941	2,787	941
Penalty expenses	3,653	8,997	3,653
Compensation expenses	3,856	1,599	3,856
Others	39,169	31,474	39,169
Total	82,338	92,426	82,338

55. Income tax expenses

	2013	2012
Current income tax calculated based on tax law and related regulations	926,781	1,042,387
Deferred income tax	1,441	(65,437)
Total	928,222	976,950

Reconciliation between income tax expenses and accounting profits is as follows:

	2013	2012
Total profit	3,562,720	2,907,380
Income tax expenses calculated at applicable tax rates	822,909	654,121
Effect of tax incentive	(177,482)	(193,007)
Expenses not deductible for tax purposes	113,039	93,940
Income not subject to tax	(16,221)	(40,841)
Utilisation of previously unrecognised tax losses	(98,004)	(14,099)
Tax effect of unrecognised tax losses	216,470	398,323
Deductible temporary differences for which no deferred tax asset was recognised in previous years	(4,518)	–
Effect of tax rate change on deferred tax	3,323	(18,466)
Tax refund for income tax annual filing	324	5,199
Domestic purchased equipment tax refund	(14,048)	–
Income tax accruals for profit of foreign holding companies in current year	82,430	91,780
Income tax expenses	928,222	976,950

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. 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:

	2013	2012
Consolidated profit attributable to ordinary shareholders of the Company	2,180,321	1,939,081
Weighted average number of ordinary shares outstanding	2,662,396	2,662,396
Basic earnings per share	0.82	0.73

(2) Diluted earnings per share

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

	2013	2012
Consolidated net profit attributable to ordinary shareholders of the Company	2,180,321	1,939,081
Effect of subsidiaries' share option program	(22,690)	–
Consolidated profit attributable to ordinary shareholders of the Company (adjusted)	2,157,631	1,939,081
Weighted average number of ordinary shares outstanding (diluted) ('000)	2,669,354	2,671,467
Diluted earnings per share	0.81	0.73

The subsidiaries' share option program is not immaterial to the Company's diluted earning per share in 2012.

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

	2013	2012
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Effect of share options ('000)	6,958	9,071
Weighted average number of ordinary shares at 31 December (diluted) ('000)	2,669,354	2,671,467

The board of directors the Company was authorised to grant 60,000,000 shares (2.25% of the total issued shares 2,662,396,051 of the Company) to the senior management and other staff. According to the share options plan in Note VII.2, the exercisable share options during the year were 13,357,500 shares. Please refer to Note VII for the details of share options.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Other comprehensive income

	31 December 2012	Changes in current year	Tax effect	Reclassification	31 December 2013
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met					
– Net change in fair value of available-for-sale financial assets and transfer to profit or loss arising from reclassification	410,956	(3,996)	(534,108)	130,008	2,860
– Other comprehensive income arising from cash flow hedging instruments	5,002	5,089	–	(763)	9,328
– Difference on translation of foreign currency financial statements	(532,001)	(181,631)	–	–	(713,632)
– Others	1,420	–	–	–	1,420
	(114,623)	(180,538)	(534,108)	129,245	(700,024)

	31 December 2011	Changes in current year	Tax effect	Reclassification	31 December 2012
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met					
– Net change in fair value of available-for-sale financial assets and transfer to profit or loss arising from reclassification	382,438	37,818	–	(9,300)	410,956
– Other comprehensive income arising from cash flow hedging instruments	10,866	(6,899)	–	1,035	5,002
– Difference on translation of foreign currency financial statements	(566,755)	34,754	–	–	(532,001)
– Others	–	1,420	–	–	1,420
	(173,451)	67,093	–	(8,265)	(114,623)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Notes to the consolidated cash flow statement

(1) Cash received relating to other operating activities

	2013	2012
Cash received from government grants related to assets	20,889	148,457
Cash received from guarantee deposit, Security deposit	57,727	31,356
Cash received from government grants related to income	173,850	123,008
Cash received from penalty income	10,850	150,066
Cash received from compensation income	5,369	29,941
Others	359,253	269,225
Total	627,938	752,053

(2) Cash paid relating to other operating activities

	2013	2012
Cash paid for transportation and distribution expenses	698,206	764,296
Cash paid for rental, insurance and other selling and distribution expenses	107,514	59,487
Cash paid for technical development costs	501,949	357,628
Cash paid for warranty	56,687	157,151
Cash paid for external sales commission	38,680	47,332
Cash paid for entertainment fee	674,146	644,718
Cash paid for travelling, office expenditure and other expenses in ordinary operation	1,089,100	821,149
Total	3,166,282	2,851,761

(3) Cash received relating to other investing activities

	2013	2012
Cash received from interest income	264,165	278,719

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Notes to the consolidated cash flow statement (Continued)

(4) Cash received relating to other financing activities

	2013	2012
Cash received from issuing of commercial paper	1,920,321	–
Cash received from disposal of subsidiaries equity	562,813	397,719
Cash received from share option exercised by subsidiary	34,446	18,786
Total	2,517,580	416,505

(5) Cash paid relating to other financing activities

	2013	2012
Cash paid for from acquiring minority interests	309,444	794,545
Others	–	63,790
Total	309,444	858,335

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Information to cash flow statement

(1) Supplementary information to the consolidated cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities:

	2013	2012
Net profit	2,634,498	1,930,430
Add: Provisions for asset impairment	138,931	537,071
Depreciation of fixed assets	990,117	847,720
Amortisation of intangible assets	182,823	237,605
Amortisation of investment properties and long-term prepaid expenses	28,490	24,653
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	23,297	(37,132)
Less: Gains on merger and acquisition of associate companies	(35,017)	(54,750)
(Profit)/losses on change in fair value	(189,883)	(58,561)
Financial expenses	289,433	451,033
Investment losses/(income)	(508,677)	97,851
Share-based payment expenses	91,059	118,279
Increase in deferred tax assets	(126,825)	(21,072)
(Decrease)/increase in deferred tax liabilities	(126,907)	(35,697)
Increase in inventories	2,715,219	(1,875,133)
(Decrease)/increase in operating receivables	(4,202,508)	2,418,332
Increase/(decrease) in operating payables	845,876	(2,339,129)
Exchange differences arising from translating foreign operations	–	1,419
Net cash flows from operating activities	2,749,926	2,242,919

Significant investing and financing activities that do not involve cash receipts and payments in 2013.

(b) Net (decrease)/increase in cash and cash equivalents:

	2013	2012
Cash and cash equivalents at the end of the year	4,181,496	4,397,512
Less: cash and cash equivalents at the beginning of the year	4,397,512	6,563,253
Net (decrease)/increase in cash and cash equivalents	(216,016)	(2,165,741)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Information to cash flow statement (Continued)

(2) Information on acquisition of subsidiaries and other business units during the year

	2013	2012
Information on acquisition of subsidiaries and other business units:		
1. Consideration for acquisition	1,206,846	428,490
2. Cash and cash equivalents paid for acquisition	1,206,846	406,964
Less: Cash and cash equivalents held by subsidiaries and other business units	260,429	77,418
Less: Cash and cash equivalents already paid	–	33,000
3. Net cash paid for the acquisition	946,417	296,546
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units		
Current assets	1,234,058	910,828
Non-current assets	1,921,405	243,997
Current liabilities	1,117,745	(604,838)
Non-current liabilities	682,747	(225,380)
Minority interest	(539,362)	(39,347)

(3) Cash and cash equivalents

	2013	2012
Cash		
Including: cash on hand	2,477	1,580
Cash at bank that can be readily drawn on demand	4,128,327	4,392,620
Other monetary fund that can be readily drawn on demand	50,692	3,312
Cash and cash equivalents at the end of the year	4,181,496	4,397,512

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to Note IV.1.

3. For the information about the joint ventures and associates of the Company, refer to Note V.12.(2) and (3).

4. Information of other related parties

Organisation name	Relationship with the Group	Code of organisation
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Florens Maritime Limited	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
Gasfin Investment S.A	Minority shareholder of subsidiary	N/A
COSCO Container Industries Limited	Significant shareholder	N/A
China Merchant International Ltd.	Significant shareholder	N/A
Mitsui & Co., Ltd.	Minority shareholder of subsidiary	N/A
Shanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary	74127207-0
Sumitomo Corporation	Minority shareholder of subsidiary	N/A
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	66332839-X
Zhejiang Tenglong Bamboo Industry Group	Minority shareholder of subsidiary	73201662-2
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholder of subsidiary	74404796-0
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary	N/A
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	N/A
Quercus Limited	Minority shareholder of subsidiary	N/A
Shiny Laburnum Limited	Minority shareholder of subsidiary	N/A

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

		2013		2012	
Name	Nature of the transaction	Amount	% of the total amount of similar transactions	Amount	% of the total amount of similar transactions
WHRJL	Purchase of goods	59,735	0.05%	29,040	0.02%
SXHDA	Purchase of goods	59,140	0.05%	34,342	0.03%
TSC	Purchase of goods	53,902	0.04%	15,616	0.01%
Sumitomo Corporation	Purchase of goods	22,626	0.02%	37,670	0.03%
Other related parties	Purchase of goods	14,321	0.00%	5,335	0.00%
Sub-total	Purchase of goods	209,724	0.16%	122,003	0.09%
Other related parties	Receiving of services	2,225	0.40%	6,421	1.34%

The Company

Receiving of services of the company refer to VI.5(5).

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Sale of goods and rendering of services

The Group

Name	Nature of the transaction	2013 Amount	2013 % of the total amount of similar transactions	2012 Amount	2012 % of the total amount of similar transactions
SXHDA	Sale of goods	589,840	1.04%	583,138	1.10%
Florens Container Corporation S.A.	Sale of goods	456,059	0.80%	446,665	0.84%
Florens Maritime Limited	Sale of goods	431,671	0.76%	967,059	1.83%
Sumitomo Corporation	Sale of goods	186,072	0.33%	244,933	0.46%
COSCO Container Industries Limited	Sale of goods	91,662	0.16%	30,344	0.06%
C&C Trucks	Sale of goods	91,032	0.16%	38,041	0.07%
Florens Container Services Ltd.	Sale of goods	59,770	0.11%	–	–
GXNFWL	Sale of goods	35,963	0.06%	20,867	0.04%
NYK Zhenhua	Sale of goods	17,451	0.03%	–	–
Other related parties	Sale of goods	7,135	0.01%	63,211	0.12%
Sub-total	Sale of goods	1,966,655	3.46%	2,394,258	4.52%
Other related parties	Rendering of services	9,406	1.08%	8,566	0.62%

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Financing

The Group

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised in 2013	Note
Financing received					
Gasfin Investment S.A	42,928	19 September 2008	Not fixed repayment date	1,987	Shareholder loans
Eighty Eight Dragons Limited	164,634	27 December 2013	27 December 2017	–	Shareholder loans
Quercus Limited	48,488	27 December 2013	27 December 2017	–	Shareholder loans
Shiny Laburnum Limited	293	27 December 2013	27 December 2017	–	Shareholder loans
	256,343				
Financing provided					
Shanghai Fengyang	34,204	25 December 2007	Not fixed repayment date	3,817	Shareholder loans
XYW	3,833	20 June 2006	Not fixed repayment date	–	Shareholder loans
Marine Subsea & Consafe	278,911	1 December 2007	Not fixed repayment date	–	Shareholder loans
C&C Trucks	632,732	10 May 2013, 15 July 2013, 17 October 2013, 31 October 2013 and 15 November 2013	9 May 2014, 15 July 2014, 17 October 2014, 31 October 2014 and 14 November 2014	19,379	Shareholder loans
Nantong New Atlantic Forest Industry Ltd.	39,434	3 April 2013, 21 May 2013, 22 July 2013, 1 November 2013, 17 December 2013 and 24 December 2013	3 April 2014, 21 May 2014, 22 July 2014, 31 October 2014, 17 December 2014 and 24 December 2014	1,950	Shareholder loans
Guangzhou Kyh Metal Co., Ltd.	9,997	29 December 2013 and 23 December 2013	9 June 2014 and 23 June 2014	244	Shareholder loans
Pteris Global Ltd	5,785	5 March 2013	5 March 2014	–	Shareholder loans
Frigstad Deepwater Holding Limited	155,901	16 April 2013	Not fixed repayment date	–	Shareholder loans
	1,160,797				

The Company

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised in 2013	Note
Financing provided					
Shanghai Fengyang	34,204	25 December 2007	Not fixed repayment date	3,817	Shareholder loans

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions

(i) The Company adopted a new share options scheme since 28 September 2010 (see Note VII). Details of unexercised share options granted to key management personnel as at 31 December 2013 are as follows:

Name	Position	Number of granted share options (in '000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Zhang Baoqing	Vice Chairman	1,000
Jin Jianliong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		13,800

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel as at 31 December 2013 are as follows:

Name	Position	Number of granted share options (in '000)
Zhao Qingsheng	Vice Chairman	1,450
Wu Fapei	Vice Chairman	500
Jin Jianliong	General Manager of Finance Department	1,100
Yu Yuqun	Secretary of the Board	998
Total		4,048

For detailed information for fair value of the granted share options aforesaid, please refer to Note VII.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments

Directors' and key management personnel's emoluments For the year ended 31 December 2013 are as follows:

Name		Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Directors									
Mai Boliang		–	2,388	37	6,249	–	–	23	8,697
Li Jianghong		–	–	–	–	–	–	–	–
Xu Minjie		–	–	–	–	–	–	–	–
Wang Hong		–	–	–	–	–	–	–	–
Wang Xingru		–	–	–	–	–	–	–	–
Wu Shuxiong	Note (i)	–	–	–	–	–	–	–	–
Wong Kwai Huen, Albert	Note (i)	60	–	–	–	–	–	–	60
Li Kejun	Note (i)	60	–	–	–	–	–	–	60
Pan Chengwie	Note (i)	60	–	–	–	–	–	–	60
Xu Jingan		60	–	–	–	–	–	–	60
Ding Huiping		60	–	–	–	–	–	–	60
Jin Qingjun		60	–	–	–	–	–	–	60
Sub-total		360	2,388	37	6,249	–	–	23	9,057
Supervisors									
Lv Shijie		–	–	–	–	–	–	–	–
Wong Sin Yue		–	–	–	–	–	–	–	–
He Jiale		–	–	–	–	–	–	–	–
Feng Wanguang		–	319	–	1,400	–	–	–	1,719
Li Ruiting		–	651	–	1,700	–	–	–	2,351
Xiong Bo		–	141	27	32	–	–	10	210
Sub-total		–	1,111	27	3,132	–	–	10	4,280

Note (i): Mr. Wu Shuxiong began to serve as director of the company on 27 September 2013. The sixth session of the board of independent directors: Mr. Ding Huiping, Mr. Xu Jingan and Mr. Jin QingJun's term expired in April 2013. Mr. Wong Kwai Huen, Albert, Mr Li Kejun and Mr Pan Chengwei were elected to serve as the seventh session of the board of independent directors of the company since 28 June 2013.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments (Continued)

	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Other key management personnel								
Zhao Qingsheng	–	1,108	–	3,200	–	–	–	4,308
Wu Fapei	–	963	37	2,000	–	–	23	3,023
Li Yinhui	–	963	35	1,700	–	–	23	2,721
Liu Xuebin	–	1,077	37	2,600	–	–	23	3,737
Zhang Baoqing	–	1,020	35	2,670	–	–	23	3,748
Yu Ya	–	1,077	35	1,800	–	–	23	2,935
Jin Jianlong	–	843	37	1,700	–	–	23	2,603
Zeng Beihua	–	855	–	1,650	–	–	–	2,505
Yu Yuqun	–	855	37	1,600	–	–	23	2,515
Sub-total	–	8,761	253	18,920	–	–	161	28,095
Total	360	12,260	317	28,301	–	–	194	41,432

The five individuals whose emoluments are the highest in 2013 are included aforesaid.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments (Continued)

Directors' and key management personnel's emoluments for the year ended 31 December 2012 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Directors								
Li Jianghong	–	–	–	–	–	–	–	–
Xu Minjie								
Wang Hong	–	–	–	–	–	–	–	–
Wang Xingru	–	–	–	–	–	–	–	–
Mai Boliang	–	1,946	17	7,983	–	–	33	9,979
Ding Huiping	120	–	–	–	–	–	–	120
Xu Jingan	120	–	–	–	–	–	–	120
Jin Qingjun	120	–	–	–	–	–	–	120
Sub-total	360	1,946	17	7,983	–	–	33	10,339
Supervisors								
Lv Shijie	–	–	–	–	–	–	–	–
Wong Sin Yue								
Feng Guangwan	–	649	–	1,696	–	–	–	2,345
Sub-total	–	649	–	1,696	–	–	–	2,345
Other key management personnel								
Zhao Qingsheng	–	908	14	3,193	–	–	27	4,142
Wu Fapei	–	682	17	1,560	–	–	33	2,292
Li Yinhui	–	677	16	1,210	–	–	33	1,936
Liu Xuebin	–	869	17	2,650	–	–	33	3,569
Zhang Baoqing	–	720	16	2,733	–	–	33	3,502
Yu Ya	–	791	16	1,560	–	–	33	2,400
Jin Jianlong	–	587	17	1,060	–	–	33	1,697
Zeng Beihua	–	599	–	1,200	–	–	–	1,799
Yu Yuqun	–	599	17	1,300	–	–	33	1,949
Sub-total	–	6,432	130	16,466	–	–	258	23,286
Total	360	9,027	147	26,145	–	–	291	35,970

The five individuals whose emoluments are the highest are included aforesaid in 2012.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments (Continued)

	Number of individuals	
	2013	2012
Emolument bands:		
RMB0-1,000,000	7	9
RMB1,000,000-1,500,000	–	–
RMB1,500,000-2,000,000	12	11

6. Receivables from and payables to related parties

Details of accounts receivable please refer to Note V.4

Details of other receivables please refer to Note V.5

Details of advance to suppliers please refer to Note V.6.

Details of accounts payable please refer to Note V.26

Details of other payables please refer to Note V.32.

7. Commitments in relation to related parties

As at 31 December 2013, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

Total equity instruments granted during the year	–
Total equity instruments exercised during the year	–
Total equity instruments forfeited during the year	–
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1. Equity-settled share options granted by Enric in 2009 and 2011: HKD4 and HKD2.48 per share respectively, the residual life of contract is 5.83 and 7.82 years respectively; 2. Equity-settled share options granted by the Company in 2010 and 2011: RMB11.35 and RMB16.88 per share respectively (after adjustment), the residual life of contracts is both 6.74 years.
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	–

Expenses recognised for the year arising from share-based payments are as follows:

	2013	2012
Equity-settled share-based payment	**91,059**	118,279

2. Information on equity-settled share-based payment

(1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(1) Information on equity-settled share-based payment of Enric (Continued)

Movement of share options of Enric:

	2013 '000	2012 '000
Beginning balance	71,546	78,700
Exercised in current period	(11,838)	(5,774)
Cancelled in current period	(1,070)	(1,280)
Forfeited in current period	–	(100)
Ending balance	58,638	71,546

(2) Information on equity-settled share-based payment of the Company

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. In addition, the holder must simultaneously satisfactory all the condition as follows:

(a) The holder should pass the previous year's evaluation.

(b) The increase of net profit attributable to ordinary shareholders of the Company after deducting nonrecurring profit or loss should not be lower than the 6% and the average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.

(c) During the waiting period, the net profit attributable to ordinary shareholders of the Company and the net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of RMB12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of RMB0.35 per share, RMB0.46 per share and RMB0.23 per share on 31 May 2011, 21 June 2012 and 28 June 2013 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2011, 2012 and 2013, the Board of Directors would adjust the exercise price of the aforementioned 54,000,000 share options granted on 28 September 2010. The adjusted exercise price is RMB11.35 per share.

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on equity-settled share-based payment of the Company (Continued)

According to the resolution approved by the Shareholders' General Meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of RMB17.57 per share. Upon the implementation of annual dividend distribution plan for 2011 and 2012 to ordinary shareholders with cash dividend of RMB0.46 and RMB0.23 respectively, the adjusted option exercise price is RMB16.88.

Movement of share options of the Company:

	2013 '000	2012 '000
Beginning balance	**59,680**	60,000
Forfeited in current year	**(63)**	(320)
Ending balance	**59,617**	59,680

(3) Equity-settled share-based payment of CIMC Tianyu

In 2013, CIMC Tianyu, one subsidiary of the Group, implemented an equity trust scheme. Through this program, employees, who participated in the scheme, bought 8% stake of CIMC Tianyu from CIMC SD, who is the direct holding company of CIMC Tianyu, through Chang'an International Trust Co. Ltd.

Since CIMC Tianyu is an unlisted company that its shares are less liquid, therefore it is hard to exit this plan because of restrictions. Also the fair value of this share-based payment is low. Therefore, the Group did not recognise corresponding equity-settled share-based payments as to this equity trust scheme.

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(4) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

There was no significant difference of estimation between current year and last year.

As at 31 December 2013, Accumulated amount recognised in capital reserve for equity-settled share-based payments	400,583
Total expenses recognised for equity-settled share-based payments for current year	
Including:	
– attributable to the Company	81,505
– attributable to Enric	9,554
	91,059

The number of options exercised this year of Enric is 11,838,000 (2012: 5,774,000).

3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised ("Scheme") during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights ("SARs") which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to the company in the discretion of the board. Accordingly, the there are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients' performance, misconduct activity and financial performance standards of the Group to fulfil.

The SARs are exercisable in 2 instalments periods after 2 years from the rights grant date upon the satisfaction of exercisable conditions.

(1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.

(2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS (CONTINUED)

3. Information on cash-settled share-based payment (Continued)

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

The amount of accrued liabilities to cash-settled share-based payment amounted to RMB476,244. As at 31 December 2013 and the expenses recognised for cash-settle share-based payment was nil for 2013.

The movement of cash-settled share options:

	2013	2012
Beginning balance	400,000	760,000
Cancelled in current period	(250,000)	(360,000)
Ending balance	150,000	400,000

VIII. CONTINGENCIES

1. Contingent liabilities

CIMC Raffles (a subsidiary of the Company) and its subsidiaries entered into vessel construction contracts and vessel leasing contracts with relevant purchasers, which involve terms of compensation for delivery postponement and termination terms.

While the actual amount of compensation for delivery postponement to be assumed in future is subject to the date of actual delivery of vessels, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that CIMC Raffles and its subsidiaries may need to assume a total of approximately USD9,405,000 (equivalent to RMB57,341,000).

2. Guarantees provided for external parties

CIMC Vehicle Group, a subsidiary of the Group, signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its subsidiaries arising from purchase of vehicle products. As at 31 December 2013, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its subsidiaries provided guarantees to the distributors and customers was RMB574,160,000 (31 December 2012: RMB637,605,000).

Jiangmen Dichan and Yangzhou CIMC Dayu Real Estate Development Co., Ltd, subsidiaries of the Group, provided guarantees to purchasers of commodity homes by way of secured loans. The amount of guarantees provided by the Group was RMB80,000,000 as at 31 December 2013.

VIII. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding credit issued but undue and outstanding performance guarantees

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued.

As at 31 December 2013, the Group had bills issued but not accounted for and outstanding letters of credit totalling RMB904,044,000 (31 December 2012: RMB717,454,000).

As at 31 December 2013, CIMC Raffles had outstanding balance of performance guarantees issued by relevant banks totalling USD723,036,000 (equivalent to RMB4,408,278,000), all of which were issued for vessel purchasers. (31 December 2012: RMB3,522,355,000).

As at 31 December 2013, TAS had outstanding balance of guarantees issued by relevant banks totalling RMB141,001,000, of which balance of performance guarantees, bid guarantees, quality guarantees and guarantees provided to suppliers was RMB43,172,000, RMB24,275,000, RMB8,072,000 and RMB65,482,000, respectively. (total balance as at 31 December 2012: RMB300,599,000).

As at 31 December 2013, CIMC Enric had outstanding balance of letters of guarantee of RMB42,846,000 and USD2,538,000 (equivalent to RMB15,475,000), totalling RMB58,321,000, which were all performance guarantees (2012: nil).

4. Significant pending litigations

The semi-submersible oil drilling rigs, i.e. SS Pantanal and SS Amazonia, built by CIMC Raffles and its subsidiaries for a subsidiary of SCHAHIN Group in Brazil, were finally delivered in November 2010 and April 2011 respectively, with an account receivable of USD142.30 million to be collected. Meanwhile, CIMC Raffles provided advances to Schahin Holdings SA and its six associates for building the drilling rig, with USD66.13 million to be collected.

As Schahin Holdings SA and its six associates failed to settle the above amounts as per the contracts, Raffles and its subsidiaries filed a lawsuit and application for arbitration against them in December 2011 and May 2012 respectively, in respect of the accounts receivable and advances. The arbitration in respect of the advances concluded in December 2012, whereby CIMC Raffles recovered the full amount of the advances of USD74.27 million (including the principal of USD66.13 million and interest of USD8.14 million) during September and October 2013. In October 2013, CIMC Raffles recovered the aforesaid accounts receivable of USD21.06 million (including the principal of USD15.98 million and interest of USD5.08 million) based on the ruling of the pre-arbitration in respect of the accounts receivable. In December 2013, London High Court ruled in favour of CIMC Raffles in respect of the accounts receivable of USD67.32 million (including the principal of USD53.35 million and interest of USD13.97 million), which is in the process of execution.

As at 31 December 2013, the advances have been fully recovered, with an outstanding account receivable of USD126.32 million (equivalent to approximately RMB770 million).

As at the date of approval of the financial statement, the litigation and arbitration in respect of the above account receivables have not been concluded and the defendant has filed a counter-charge. In accordance with the status of the legal proceedings and by reference to legal opinions, the management of the Company is optimistic about the prospects of the litigation and arbitration and will take positive measures to safeguard its shareholders' interests during the process.

(All amounts in RMB'000 unless otherwise stated)

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

	2013	2012
Significant fixed assets purchase contracts entered into under performance or preparation of performance	125,662	406,690
Investment contracts entered into but not performed or performed partially	–	17,420
Significant contracts entered into for Ships to be manufactured for sales or lease	3,962,914	1,804,449
External investment approved by the Board of Directors	8,342	35,017
Total	4,096,918	2,263,576

Capital commitments authorised by the management but are not yet contracted for

	31 December 2013	31 December 2012
Buildings, machinery and equipment	8,342	468
Intangible assets	–	34,549
	8,342	35,017

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

	31 December 2013	31 December 2012
Buildings, machinery and equipment	1,561	280

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	2013	2012
Within 1 year (inclusive)	66,332	73,628
Over 1 year but within 2 years (inclusive)	46,441	58,491
Over 2 years but within 3 years (inclusive)	28,131	52,967
Over 3 years	50,568	127,181
Total	191,472	312,267

Operating lease recognised as expenses in 2013 is RMB63,518,000 (2012: RMB90,560,000).

(3) Fulfilment of commitments for the previous period

The Group has fulfilled the capital and operating lease commitments as at 31 December 2012.

(All amounts in RMB'000 unless otherwise stated)

X. EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution after the balance sheet date

Dividend proposed (Note (1))	718,847,000

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

Board of directors proposed to distribute cash dividend of RMB0.27 per share (2012: RMB0.23 per share) to ordinary shareholders of the Company on 25 March 2014, totally RMB718,847,000 (2012: RMB612,351,000). The proposal is pending for approval of the Shareholders Meeting. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

2. On 23 December 2013, the Company entered into H Share Subscription Agreements with each of COSCO Container, Broad Ride Limited ("Broad Ride") and Promotor Holdings Limited ("Promotor Holdings") respectively, pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 286,096,100 new H Shares to them at the Subscription Price of HK$13.48 per share and COSCO Container, Broad Ride and Promotor Holdings have conditionally agreed to subscribe for such new H Shares in cash. The gross proceeds from the issue of such new H Shares are approximately HK$3,856.58 million. The transaction related to the issue of the H Shares above was considered and approved at the first extraordinary general meeting of Company in 2014 held on 7 March 2014.

3. Pursuant to Circular No. 9 in 2014, i.e. the "Circular on Relevant Issues Regarding Determination of Resident Enterprises as per Actual Administrative Authority Standards" issued by the State Administration of Taxation on 29 January 2014, the Group has consulted the Local Taxation Bureau of Shenzhen City in respect of the application of the 19 overseas companies under the Group's control to be Chinese resident enterprises. In March 2014, the Group received the reply from the Local Taxation Bureau of Shenzhen City via Shekou Local Taxation Bureau, which recognised the 19 overseas companies under the Group's control as Chinese resident enterprises, effective since 2013. This is a non-adjusting event after the balance sheet date.

XI. OTHER SIGNIFICANT MATTERS

1. Leases

Please refer to Notes V.11 and V.38 for reference of the Group's receivables and payables related to finance lease.

2. 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, Road transportation vehicles, Energy, chemistry and food equipment, Offshore business, Airport facilities, Logistic equipments and services, Railway trucks manufactory and Property development. 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 revenue, expenses, assets and liabilities of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment reporting (Continued)

(1) Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(losses), assets and liabilities is set out as follows:

Item	Containers 2013	Road transportation vehicles 2013	Energy, chemistry and food equipment 2013	Offshore business 2013	Airport facilities 2013	Logistic equipments and services 2013	Others 2013	Elimination between segments 2013	Unallocated items 2013	Total 2013
External transaction	21,100,212	13,120,561	11,209,761	3,501,509	887,749	6,020,609	2,009,142	–	24,868	57,874,411
Inter segment transaction	207,071	214,137	370,213	3,480,808	–	195,240	387,419	(4,854,888)	–	–
Investment income/(losses) in joint ventures and associates	12	4,243	–	–	–	18,332	(2,275)	–	(74,770)	(54,458)
Impairment loss for the year	8,436	101,835	(982)	11,241	(214)	35,429	(16,811)	–	(3)	138,931
Depreciation and amortization expenses	326,872	251,286	247,326	184,535	4,680	125,755	60,976	–	–	1,201,430
Interest income	179,859	53,119	32,779	84,052	1,739	68,407	583,142	(761,497)	7,098	248,698
Interest expenses	58,836	139,994	65,380	473,638	4,066	59,494	157,586	(781,424)	700,030	877,600
Segment operating profit/(losses)	1,347,531	404,364	1,136,514	(321,580)	128,098	226,797	672,180	142,524	(173,708)	3,562,720
Income tax expenses	328,469	139,972	224,320	(24,856)	11,783	47,960	175,966	–	24,608	928,222
Net profit/(losses)	1,019,062	264,392	912,194	(296,724)	116,315	178,837	496,214	142,524	(198,316)	2,634,498
Segment total assets	15,824,315	11,285,763	11,194,382	15,833,637	1,728,778	4,179,781	18,024,963	(8,439,676)	2,974,029	72,605,972
Segment total liabilities	9,173,415	6,916,329	7,276,512	15,370,153	815,723	3,080,524	239,842	(13,820,498)	19,057,844	48,109,844
Supplementary information:										
– Segment expenditures/(income) other than depreciation and amortization	(25,248)	106,531	(2,651)	960	(3,180)	13,054	48,134	–	(135,761)	1,839
– Long-term equity investment of joint ventures and associates	2,784	44,747	4,000	–	–	246,096	287,797	–	553,023	1,138,447
– Segment expenditures raising from additions of non-current assets	1,468,946	617,126	798,894	1,657,731	288,683	1,839,939	3,810,834	–	–	10,482,153

Segment Information of Logistic equipments and services is not important to the Group, so the Group doesn't reclassify its segment Information in 2012.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment reporting (Continued)

(1) Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(losses), assets and liabilities is set out as follows:

Item	Containers 2012	Road transportation vehicles 2012	Energy, chemistry and food equipment 2012	Offshore business 2012	Airport facilities 2012	Others 2012	Elimination between segments 2012	Unallocated items 2012	Total 2012
External transaction	24,797,342	13,789,685	9,257,212	1,829,410	757,001	3,903,407	–	–	54,334,057
Inter segment transaction	42,737	340,795	376,495	–	–	265,043	(1,025,070)	–	–
Investment income/(losses) in joint ventures and associates	(1)	198,006	–	3,656	–	36,105	(322,626)	8,129	(76,731)
Impairment loss for the year	(25,197)	228,451	11,571	192,228	17,269	112,749	–	–	537,071
Depreciation and amortization expenses	310,344	290,027	238,683	166,469	4,497	99,958	–	–	1,109,978
Interest income	49,795	12,115	19,853	91,431	380	96,366	–	25,075	295,015
Interest expenses	13,947	100,074	31,031	99,072	91	97,788	–	404,045	746,048
Segment operating profit/(losses)	2,348,464	172,137	802,409	(516,652)	79,018	959,276	(322,626)	(614,646)	2,907,380
Income tax expenses	541,588	34,924	157,033	10,123	10,203	223,079	–	–	976,950
Net profit/(losses)	1,806,876	137,213	645,376	(526,775)	68,815	736,197	(322,626)	(614,646)	1,930,430
Segment total assets	17,327,722	10,817,255	9,547,063	15,834,077	860,208	16,781,369	(23,251,400)	15,076,086	62,992,380
Segment total liabilities	9,964,903	6,292,008	5,874,589	14,438,946	482,075	9,358,375	(17,525,691)	11,990,018	40,875,223
Supplementary information:									
– Segment expenditures/(income) other than depreciation and amortization	(8,658)	228,858	15,832	124,312	17,276	104,903	–	(75,378)	407,145
– Long-term equity investment of joint ventures and associates	2,779	38,898	–	–	–	848,193	–	634,276	1,524,146
– Segment expenditures raising from additions of non-current assets	1,118,397	585,388	655,435	1,074,694	22,619	247,887	–	–	3,704,420

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. 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 and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were 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

	Revenue from external customers		Total non-current assets	
	2013	2012	31 December 2013	31 December 2012
P.R.China	**20,718,567**	23,202,710	**20,855,399**	18,099,106
Asia (exclusive of China)	**8,718,240**	3,661,789	**42,505**	47,508
America	**11,247,084**	13,651,754	**5,779,386**	313,853
Europe	**13,954,472**	11,266,791	**900,456**	1,018,737
Others	**3,236,048**	2,551,013	**41,458**	49,731
Total	**57,874,411**	54,334,057	**27,619,204**	19,528,935

3. Risk analysis, sensitivity analysis, and fair values of financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 31 December 2013.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

In addition, the debtors of the Group those are neither past due nor impaired mainly due to a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 15.08% (2012: 20.05%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 31 December) and the earliest date the Group can be required to pay:

	31 December 2013 Contractual undiscounted cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Balance sheet carrying amount
Financial assets						
Cash at bank and on hand	4,771,047	–	–	–	4,771,047	4,771,047
Accounts receivable and other receivables	12,871,550	–	–	–	12,871,550	12,871,550
Current portion of non-current assets	1,513,337	–	–	–	1,513,337	1,513,337
Long-term receivables	1,809,278	1,308,192	1,609,652	637,056	5,364,178	2,952,418
Sub-total	20,965,212	1,308,192	1,609,652	637,056	24,520,112	22,108,352
Financial liabilities						
Short-term borrowings	7,244,780	–	–	–	7,244,780	7,244,780
Debentures payable	320,666	2,777,983	4,209,200	–	7,307,849	6,450,730
Accounts payable and other payables	12,801,143	–	–	–	12,801,143	12,801,143
Current portion of non-current liabilities	2,458,775	–	–	–	2,458,775	2,458,775
Long-term borrowings	270,165	3,874,365	4,728,239	–	8,872,769	7,761,243
Long-term payables	51,235	12,882	64,435	165,051	293,603	242,992
Sub-total	23,146,764	6,665,230	9,001,874	165,051	38,978,919	36,959,663
Net total	(2,181,552)	(5,357,038)	(7,392,222)	472,005	(14,458,807)	(14,851,311)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(2) Liquidity risk (Continued)

	31 December 2012 Contractual undiscounted cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Balance sheet carrying amount
Financial assets						
Cash at bank and on hand	5,221,539	–	–	–	5,221,539	5,221,539
Accounts receivable and other receivables	10,352,468	–	–	–	10,352,468	10,352,468
Current portion of non-current assets	1,636,332	–	–	–	1,636,332	1,636,332
Long-term receivables	343,833	1,034,424	1,366,884	812,274	3,557,415	2,540,574
Sub-total	17,554,172	1,034,424	1,366,884	812,274	20,767,754	19,750,913
Financial liabilities						
Short-term borrowings	5,438,407	–	–	–	5,438,407	5,438,407
Debentures payable	321,370	321,370	7,320,592	–	7,963,332	6,462,235
Accounts payable and other payables	11,352,017	–	–	–	11,352,017	11,352,017
Current portion of non-current liabilities	1,261,940	–	–	–	1,261,940	1,261,940
Long-term borrowings	2,457,709	4,511,907	1,835,149	197,743	9,002,508	7,641,785
Long-term payables	4,886	4,886	18,926	143,142	171,840	145,103
Sub-total	20,836,329	4,838,163	9,174,667	340,885	35,190,044	32,301,487
Net total	(3,282,157)	(3,803,739)	(7,807,783)	471,389	(14,422,290)	(12,550,574)

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2013		31 December 2012	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	15,006,022	–	13,789,671	–

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(3) Interest rate risk

The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

	31 December 2013		31 December 2012	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
– Long-term receivables	2.58%-17.53%	2,952,418	2.58%-17.53%	2,540,574
– Current portion of non-current assets	2.58%-17.53%	1,513,337	2.58%-17.53%	1,636,332
Financial liabilities				
– Short-term borrowings	0.93%~8.31%	4,047,240	0.94%-7.02%	3,929,032
– Debentures payable	4.43%-5.23%	6,450,730	4.43%-5.23%	6,462,235
– Long-term borrowings	3%-8.63%	122,769	3.00%-8.63%	11,548
Total		(6,154,984)		(6,225,909)

	31 December 2013		31 December 2012	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
Financial assets				
– Cash at bank and on hand	0.35%-3.75%	4,771,047	0.35%-3.75%	5,221,539
Financial liabilities				
– Current portion of long-term borrowings	Note V.34	2,410,392	Note V.34	1,257,100
– Long-term borrowings	Note V.36	7,638,474	Note V.36	7,630,237
– Short-term borrowing	1-month LIBOR+90 bps~6-month libor+380 bps	3,197,540	3-month LIBOR+1.8% ~ PBOC's Benchmark Rate+10%	1,509,375
– Long-term payables	Note V.38	242,992	Note V.38	23,056
– Current portion of long-term payables	Note V.34	47,016	Note V.34	4,731
Total		(8,765,367)		(5,202,960)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(3) Interest rate risk (Continued)

(b) Sensitivity analysis

As at 31 December 2013, it is estimated that a general increase/decrease of 25 basis points (31 December 2012: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB21,913,000 (2012: RMB9,756,000), and equity by RMB21,913,000 (2012: RMB9,756,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

(4) Foreign exchange risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note V.2 and V.24, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	31 December 2013				31 December 2012			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	1,127,452	257,355	250,837	30,954	2,001,728	545,391	66,888	38,757
Receivables	4,875,318	526,341	37,314	17,225	4,789,721	801,682	57,396	38,046
Short-term borrowings	(6,033,033)	(872,354)	–	–	(4,266,258)	(303,646)	(117,583)	–
Long-term receivables	1,140,229	7,713	–	–	1,108,073	8,728	–	–
Long-term borrowings	(6,442,920)	–	(342,008)	–	(3,681,507)	–	(438,647)	–
Long-term payables	–	–	–	–	(23,056)	–	–	–
Payables	(2,160,162)	(395,885)	(36,682)	(2,879)	(2,452,936)	(693,884)	(88,396)	(4,677)
Provisions	(146,648)	(20,647)	(4)	–	(416,856)	(13,708)	(275)	–
Current portion of non-current liabilities	(146,341)	–	(82,554)	–	(1,257,100)	–	–	–
Gross balance sheet exposure	(7,786,105)	(497,477)	(173,097)	45,300	(4,198,191)	344,563	(520,617)	72,126

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(4) Foreign exchange risk (Continued)

(b) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark exchange rate	
	2013	2012	31 December 2013	31 December 2012
USD	**6.1767**	6.3091	**6.0976**	6.2854
EUR	**8.2372**	8.1235	**8.4175**	8.3195
HKD	**0.7964**	0.8135	**0.7862**	0.8108
JPY	**0.0623**	0.0785	**0.0578**	0.0730

(c) ***Sensitivity analysis***

Assuming all other risk variables remained constant, 2.00%, 4.00%, 2.00% and 5.00% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2013 (1.00%, 2.54%, 0.85% and 10.00% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2012) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

	Equity	Net profit
31 December 2013		
USD	**116,792**	**119,993**
EUR	**14,924**	**14,767**
HKD	**2,596**	**1,358**
JPY	**(1,699)**	**(1,699)**
Total	**132,613**	**134,419**
31 December 2012		
USD	31,486	31,486
EUR	(6,564)	(6,564)
HKD	3,319	3,319
JPY	(5,409)	(5,409)
Total	22,832	22,832

2.00%, 4.00%, 2.00% and 5.00% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2013 (1.00%, 2.54%, 0.85% and 10.00% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2012) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(4) Foreign exchange risk (Continued)

(c) Sensitivity analysis (Continued)

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Notes V.2 and V.24 about financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 31 December 2013, the Group held 18,779,000 tradable shares of Suning Commerce Group Co., Ltd. Securities, and 13,500,000 tradable shares of GoodPack Securities.

As at 31 December 2013, it is estimated that a general increase/decrease of composite index of Shanghai A-share 5.00% (31 December 2012: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB16,549,000 (31 December 2012: RMB37,472,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 20.00% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. Estimates of fair value of financial instruments

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).

(1) Financial instruments measured at fair value

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 2013:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss		–	–	–	–
Investments in equity instrument held for trading	V.2	319,605	–	–	319,605
Derivative financial assets	V.2	–	133,068	–	133,068
Hedging Instrument	V.2	–	7,940	–	7,940
Sub-total		319,605	141,008	–	460,613
Available-for-sale financial assets	V.10	7,342	–	–	7,342
Total		326,947	141,008	–	467,955

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss		–	–	–	–
Derivative financial liabilities	V.24	–	(28,463)	–	–
Total		–	(28,463)	–	–

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. Estimates of fair value of financial instruments(Continued)

(1) Financial instruments measured at fair value (Continued)

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 As at 31 December 2012:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss		–	–	–	–
Investments in equity instrument held for trading	V.2	389,557	–	–	389,557
Derivative financial assets	V.2	–	12,684	–	12,684
Hedging Instrument	V.2	–	2,851	–	2,851
Sub-total		389,557	15,535	–	405,092
Available-for-sale financial assets	V.10	609,751	–	–	609,751
Total		999,308	15,535	–	1,014,843

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss		–	–	–	–
Derivative financial liabilities	V.24	–	(95,098)	–	(95,098)
Total		–	(95,098)	–	(95,098)

The Group make the date when matters occurred which result in significant transfers between instruments in the three levels as the point of transfer. During the year ended 31 December 2013, there were no significant transfers between instruments in Level 1 and Level 2 neither nor Level 2 and Level 3.

(2) Fair value of other financial instruments (financial instruments not measured at fair value)

All financial instruments are carried at amounts not materially different from their fair values As at 31 December 2013.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. Estimates of fair value of financial instruments(Continued)

(3) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, available-for-sale financial assets, and items set out in Note XI.3.(6) that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (excluding derivatives), and available-for-sale financial assets if there is an active market.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. Estimates of fair value of financial instruments(Continued)

(3) Estimation and assumption of fair values(Continued)

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People's Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	Interest rates used in 2013	Interest rates used in 2012
Borrowings	1.75%-5.99%	1.75%-5.99%
Receivables	5.60%-6.55%	5.60%-6.55%

5. Assets and liabilities measured at fair value

	Beginning balance	Gains or losses arising from changes in fair value in current year	Cumulative amount of changes in fair value recognised directly in equity	Impairment loss in current year	Ending balance
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivatives)	389,557	2,919	–	–	319,605
2. Derivative financial assets	12,684	120,530	–	–	133,068
3. Hedging Instrument	2,851	–	10,974	–	7,940
4. Available-for-sale financial assets	609,751	–	2,920	–	7,342
Sub-total	1,014,843	123,449	13,894	–	467,955
Financial liabilities	(95,098)	66,434	–	–	(28,463)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

6. Financial assets and liabilities in foreign currencies

	Beginning balance	Gains or losses arising from changes in fair value in current year	Cumulative amount of changes in fair value recognised directly in equity	Impairment loss in current year	Ending balance
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivatives)	211,702	(24,743)	–	–	150,031
2. Derivative financial assets	12,684	120,530	–	–	133,068
3. Hedging Instrument	2,851	–	10,974	–	7,940
4. Receivables	7,926,223	–	–	(23,449)	9,607,295
5. Available-for-sale financial assets	8,396	–	2,920	–	7,342
Sub-total	8,161,856	95,787	13,894	(23,449)	9,905,676
Financial liabilities	(14,813,884)	66,434	–	–	(17,568,651)

7. Capital management

The Group's objectives when 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.

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 68%. This strategy is consistent with last year. The Debt-Asset ratio as at 31 December 2013 and 2012 were as follows:

	31 December 2013	31 December 2012
Total Liabilities	48,109,844	40,875,223
Total Assets	72,605,972	62,992,380
Debt-Asset ratio	66%	65%

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	31 December 2013			31 December 2012		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Bank deposits						
RMB	383,707	1.0000	383,707	424,020	1.0000	424,020
USD	322	6.0976	1,964	1,242	6.2854	7,810
HKD	10	0.7862	8	10	0.8108	8
JPY	12,504	0.0578	722	12,504	0.0730	913
EUR	35	8.4175	298	35	8.3195	293
Sub-total			386,699			433,044
Other cash balances						
RMB	135	1.0000	135	11,972	1.0000	11,972
USD	381	6.0976	2,324	377	6.2854	2,371
Sub-total			2,459			14,343
Total			389,158			447,387

As at 31 December 2013, restricted cash at bank and on hand of the Company amounted to RMB2,426,000 (31 December 2012: RMB2,474,000).

2. Financial assets at fair value through profit or loss

(1) Classification

	31 December 2013	31 December 2012
Investments in equity instrument held for trading – Listed companies	169,574	177,450
Including: market value of the listed investments	169,574	177,450

Both the investments in debentures held for trading and the investments in equity instruments held for trading are securities listed on the Shanghai Stock Exchange, of which the fair value is determined at the closing price of the Shanghai Stock Exchange on the last trading day of the year.

(2) As at 31 December 2013, There is no restriction on sale of financial assets at fair value through profit or loss.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Dividends receivable

	31 December 2013	31 December 2012
CIMC Hong Kong	3,019,369	3,108,609
SCIMC	592,706	592,706
HI	123,200	216,836
SHYSLE	–	110,628
Finance Company	–	37,932
Total	3,735,275	4,066,711

4. Other receivables

(1) Other receivables are analysed by categories as follows:

	31 December 2013	31 December 2012
Amounts due from associates	9,116,641	10,862,091
Deposits	20,156	184
Others	5,468	2,601
Sub-total	9,142,265	10,864,876
Less: provision for bad debts	(4,747)	(4,773)
Total	9,137,518	10,860,103

(2) The ageing of other receivables is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year (Inclusive)	9,086,457	10,693,925
1 to 2 years (Inclusive)	29,206	20,000
2 to 3 years (Inclusive)	20,000	2,000
Over 3 years	6,602	148,951
Sub-total	9,142,265	10,864,876
Less: provision for bad debts	(4,747)	(4,773)
Total	9,137,518	10,860,103

The ageing is counted starting from the date the other receivable is recognised.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(3) Other receivables are analysed by categories as follows:

	Note	31 December 2013				31 December 2012			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
		Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant	(4)	9,109,639	99.64%	–	–	10,698,979	98.47%	–	–
Other receivables with amounts that are not individually significant	(5)	32,626	0.36%	4,747	14.55%	165,897	1.53%	4,773	2.88%
Total		9,142,265	100.00%	4,747	0.05%	10,864,876	100.00%	4,773	0.04%

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) As at 31 December 2013, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis

As at 31 December 2013, the Company has no other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis (31 December 2012: Nil).

(5) As at 31 December 2013, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis

As at 31 December 2013, the Company has no other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis (31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(6) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	27,204	0.30%	–	–	161,124	1.48%	–	–
1 to 2 years	675	0.01%	–	–	–	–	–	–
2 to 3 years	–	0.00%	–	–	2,000	0.02%	2,000	100%
3 to 4 years	2,000	0.02%	2,000	100%	2,773	0.03%	2,773	100%
4 to 5 years	2,747	0.03%	2,747	100%	–	–	–	–
Over 5 years	–	–	–	–	–	–	–	–
Total	32,626	0.36%	4,747	14.55%	165,897	1.53%	4,773	2.88%

(7) The recovery of provision in current year

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current year (2012: Nil).

(8) Other receivables that are written off in current year

There were no material other receivables that are written off in current year (2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(9) As at 31 December 2013, the five largest other receivables are analysed as follows:

	Relationship with the Company	Amount	Aging	% of total balance
Total amounts due from subsidiaries	Subsidiaries	9,082,437	Within 1 year	99.35%
Shanghai Fengyang	Associate	34,204	Within 1 year, 1 to 2 years, and over 3 years	0.37%
Yantai Hi-tech Industrial Park Finance Bureau	Nil	20,000	2 to 3 years	0.22%
Xietong Ltd.	Nil	2,000	3 to 4 years	0.02%
Xilu golf club	Nil	525	1 to 2 years	0.01%
		9,139,166		99.97%

The Company's five largest other receivables as at 31 December 2012 amounted to RMB10,859,695,000, accounting for 99.94% of the total other receivables.

(10) Other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 31 December 2013, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables.

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associates	Associates	34,204	0.37%
Subsidiaries	Subsidiaries	9,082,437	99.35%
Total		9,116,641	99.72%

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(12) Other receivables derecognised due to transfer of financial assets

There were no other receivables derecognised due to transfer of financial assets of the Company in this year (2012: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during this year (2012: Nil).

5. Available-for-sale financial assets

	31 December 2013	31 December 2012
Available-for-sale equity instruments	–	601,356

Detailed analysis for the Company's available-for-sale financial assets, refer to Note V.10.

6. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2013	31 December 2012
Subsidiaries, unlisted	6,048,812	5,896,195
Joint ventures, unlisted	4,740	6,521
Associates, unlisted	451,408	540,000
Other long-term equity investments, unlisted	391,970	391,970
Sub-total	6,896,930	6,834,686
Less: provision for impairment	(3,065)	(3,065)
Total	6,893,865	6,831,621

There is no restriction on sale of the long-term equity investments held by the Company.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the year is as follows:

Investee	Investment cost	31 December 2012	Current year movement	31 December 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Cost method – Investment in subsidiaries										
SCIMC	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	–
SCIMCEL	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	–
XHCIMC	36,500	36,500	–	36,500	100.00%	100.00%	–	–	–	31,585
CIMC Yuandong	–	114,249	(114,249)	–	–	–	–	–	–	–
TJCIMC	77,704	77,704	–	77,704	100.00%	100.00%	–	–	–	–
TJCIMCN	239,960	239,960	–	239,960	100.00%	100.00%	–	–	–	119,525
QDCC	60,225	60,225	–	60,225	100.00%	100.00%	–	–	–	27,279
DLCIMC	48,764	48,764	–	48,764	100.00%	100.00%	–	–	–	–
NBCIMC	24,711	24,711	–	24,711	100.00%	100.00%	–	–	–	26,648
SBWI	66,558	66,558	–	66,558	94.75%	94.75%	–	–	–	23,586
TCCIMC	131,654	131,654	–	131,654	100.00%	100.00%	–	–	–	82,479
ZZCIMC	100,597	100,597	–	100,597	100.00%	100.00%	–	–	–	36,529
SHYSLE	193,204	78,955	114,249	193,204	100.00%	100.00%	–	–	–	54,463
CQVL	39,499	39,499	–	39,499	100.00%	100.00%	–	–	–	–
SCRC	200,892	200,892	–	200,892	92.00%	92.00%	–	–	–	156,688
QDCRC	54,225	54,225	–	54,225	100.00%	100.00%	–	–	–	45,599
XHCIMCS	82,026	82,026	–	82,026	100.00%	100.00%	–	–	–	177,895
DLL	46,284	46,284	–	46,284	100.00%	100.00%	–	–	–	26,860
QDCSR	12,743	12,743	–	12,743	100.00%	100.00%	–	–	–	23,003
TJCIMCLE	47,750	39,127	8,623	47,750	100.00%	100.00%	–	–	–	27,669
CIMC Hong Kong	1,690	1,690	–	1,690	100.00%	100.00%	–	–	–	–
CIMC USA Inc.	171,740	171,740	–	171,740	100.00%	100.00%	–	–	–	–

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the year is as follows (Continued):

Investee	Investment cost	31 December 2012	Current year movement	31 December 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
CIMCSD	162,686	162,686	–	162,686	100.00%	100.00%	–	–	–	–
HI	606,912	606,912	–	606,912	80.00%	80.00%	–	–	–	123,200
CIMC Tech	41,526	13,726	27,800	41,526	100.00%	100.00%	–	–	–	–
TCCRC	311,792	311,792	–	311,792	100.00%	100.00%	–	–	–	–
CIMCWD	108,544	108,544	–	108,544	100.00%	100.00%	–	–	–	–
CIMC Management and Training (Shenzhen)	48,102	48,102	–	48,102	100.00%	100.00%	–	–	–	–
DLZH	182,136	111,083	71,053	182,136	100.00%	100.00%	–	–	–	–
MEA	111,703	111,703	–	111,703	100.00%	100.00%	–	–	–	–
SZW	3,472	3,472	–	3,472	100.00%	100.00%	–	–	–	–
TLC	126,689	81,548	45,141	126,689	100.00%	100.00%	–	–	–	–
SZSCIMCL	71,717	71,717	–	71,717	100.00%	100.00%	–	–	–	2,968
SZ investment	72,401	72,401	–	72,401	100.00%	100.00%	–	–	–	–
Finance Company	482,590	482,590	–	482,590	100.00%	100.00%	–	–	–	9,312
CIMC Vehicle Finance and Leasing Co., Ltd.	422,363	422,363	–	422,363	100.00%	100.00%	–	–	–	–
QDSV	26,912	26,912	–	26,912	80.00%	80.00%	–	–	–	–
SHGYTY	40,000	40,000	–	40,000	100.00%	100.00%	–	–	–	–
CIMCI	60,000	60,000	–	60,000	100.00%	100.00%	–	–	–	–
SZSKYC	90,000	90,000	–	90,000	100.00%	100.00%	–	–	–	–
DLCIMCS	69,806	69,806	–	69,806	100.00%	100.00%	–	–	–	–
Container holding	1,000,000	1,000,000	–	1,000,000	100.00%	100.00%	–	–	–	–
Cooperatie CIMC U.A	205,022	205,022	–	205,022	99.00%	99.00%	–	–	–	–
Tianjin Kangde Logistics Equipment Co,. Ltd	3,629	3,629	–	3,629	100.00%	100.00%	–	–	–	–
Sub-total	6,048,812	5,896,195	152,617	6,048,812				–	–	995,288

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(3) Long-term equity investments in associates and joint ventures are as follows:

Investee	Investment cost	31 December 2012	Current year movement	31 December 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Equity method – Associates										
C&C Trucks	**540,000**	**540,000**	**(88,592)**	**451,408**	**45.00%**	**45.00%**		**–**	**–**	**–**
Sub-total	**540,000**	**540,000**	**(88,592)**	**451,408**				**–**	**–**	**–**
Equity method – Joint venture										
SCSCRC	9,000	6,521	(1,781)	4,740	50.00%	50.00%		–	–	–
Sub-total	9,000	6,521	(1,781)	4,740				–	–	–
Cost method – Other long-term equity investment										
China Railway United Logistics	380,780	380,780	–	380,780	10.00%	10.00%		–	–	–
Beihai Yinjian	1,700	1,700	–	1,700	1.01%	1.01%		(1,700)	–	–
Guangdong Samsung	1,365	1,365	–	1,365	0.09%	0.09%		(1,365)	–	–
BOCM Schroder Stolt Fund Management	8,125	8,125	–	8,125	5.00%	5.00%		–	–	5,000
Sub-total	391,970	391,970	–	391,970				(3,065)	–	5,000
Total	6,989,782	6,834,686	62,244	6,896,930				(3,065)	–	5,000

Important financial Information for the Company's associates and joint ventures please refer to disclosure of consolidated Long-term equity investments.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(4) Provision for impairment of long-term equity investments

	31 December 2012	Increase in current year	Decrease in current year	**31 December 2013**
Other long-term equity investments	3,065	–	–	**3,065**

7. Short-term borrowings

	31 December 2013	31 December 2012
Unsecured		
RMB	–	465,703

8. Financial liabilities at fair value through profit or loss

	31 December 2013	31 December 2012
Current portion		
Derivative financial liabilities		
– Interest swap contract	–	8,987
Sub-total	–	8,987
Non-current portion		
– Swap contract for interest rate	**26,865**	81,944
Sub-total	**26,865**	81,944
Total	**26,865**	90,931

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Employee benefits payable

	Beginning balance	Increase in current year	Decrease in current year	Ending balance
Wages and salaries, bonuses, allowances and subsidies	250,000	224,717	(74,717)	400,000
Senior management bonus	407,812	–	(19,206)	388,606
Profit-sharing bonus	–	66,916	–	66,916
Staff welfare and others	74	13,205	(12,785)	494
Total	657,886	304,838	(106,708)	856,016

10. Taxes payable

	31 December 2013	31 December 2012
Enterprise income tax payable	3,148	33,144
Withholding individual income tax	1,202	2,466
Business tax payable	5,244	6,752
Others	689	1,131
Total	10,283	43,493

11. Interest payable

	31 December 2013	31 December 2012
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	4,646	10,500
Interest of short-term borrowings	–	521
Interest of corporate debentures	180,088	176,670
Total	184,734	187,691

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

12. Other payables

(1) The analysis of the Company's other payables is as follows:

Item	31 December 2013	31 December 2012
Amounts due to subsidiaries	3,505,729	3,470,041
Quality guarantees	501	687
Advance received	30,000	30,000
Professional and training fees	–	56,866
Accruals	4,344	7,265
Others	6,948	10,088
Total	3,547,522	3,574,947

Other payables denominated in foreign currencies are as follows:

Currency	31 December 2013			31 December 2012		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
RMB	3,542,909	1.0000	3,542,909	3,570,165	1.0000	3,570,165
USD	753	6.0976	4,590	753	6.2854	4,732
HKD	29	0.7862	23	61	0.8108	50
Total			3,547,522			3,574,947

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

12. Other payables (Continued)

(2) As at 31 December 2013, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables.

Other payables to related parties:

Company name	Relationship with the Company	31 December 2013	31 December 2012
Subsidiaries	Subsidiaries	3,505,729	3,470,041

(3) Significant other payables aged over one year:

As at 31 December 2013, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Current portion of non-current liabilities

(1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

	Note	31 December 2013	31 December 2012
Current portion of long-term borrowings			
– Unsecured	(2)	**2,135,000**	1,257,100

(2) Current portion of long-term borrowings denominated in foreign currencies are as follows:

	31 December 2013				31 December 2012			
	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Bank borrowings								
– RMB	4.20%	1,170,000	1.0000	1,170,000	–	–	–	–
– RMB	4.92%	900,000	1.0000	900,000	–	–	–	–
– RMB	5.95%	65,000	1.0000	65,000	–	–	–	–
– USD	–	–	–	–	LIBOR+ 90 BP&USD LIBOR +1.85%	200,000	6.2855	1,257,100
Total				2,135,000				1,257,100

As at 31 December 2013, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Current portion of non-current liabilities (Continued)

(2) Current portion of long-term borrowings denominated in foreign currencies are as follows (Continued):

(a) The analysis of the Company's current portion of non-current liabilities is as follows:

					31 December 2013		31 December 2012	
Lender	Starting date	Ending date	Currency	Interest rate (%)	Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
China Development bank	12/12/2007	12/06/2013	USD	6-month LIBOR+90BP	–	–	110,000	691,405
China Development bank	12/12/2007	12/12/2013	USD	6-month LIBOR+90BP	–	–	40,000	251,420
ING Bank N.V.	20/05/2010	21/05/2013	USD	Floating, USD LIBOR+1.85%	–	–	50,000	314,275
The Export-Import Bank of China	07/01/2011	06/01/2014	RMB	4.20% (Note (i))	70,000	70,000	–	–
The Export-Import Bank of China	01/02/2011	01/02/2014	RMB	4.20% (Note (i))	500,000	500,000	–	–
The Export-Import Bank of China	16/06/2011	16/06/2014	RMB	4.20% (Note (i))	400,000	400,000	–	–
The Export-Import Bank of China	22/06/2011	22/06/2014	RMB	4.20% (Note (i))	200,000	200,000	–	–
The Export-Import Bank of China	28/07/2011	28/07/2014	RMB	4.92% (Note (i))	300,000	300,000	–	–
The Export-Import Bank of China	10/08/2011	10/08/2014	RMB	4.92% (Note (i))	300,000	300,000	–	–
The Export-Import Bank of China	29/09/2011	29/09/2014	RMB	4.92% (Note (i))	100,000	100,000	–	–
The Export-Import Bank of China	28/11/2011	28/11/2014	RMB	4.92% (Note (i))	200,000	200,000	–	–
ING Bank N.V.	01/04/2011	01/04/2014	RMB	5.95%	65,000	65,000	–	–
Total						2,135,000		1,257,100

Note (i): Execute People's Bank of China export seller's credit rate, quarterly reviewed.

(b) As at 31 December 2013, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Long-term borrowings

(1) The analysis of the Company's long-term loans is as follows:

	31 December 2013	31 December 2012
Bank borrowings		
– Unsecured	837,000	3,875,845

As at 31 December 2013, the Company has no long-term borrowings not wholly repayable within five years.

(2) Long-term borrowings denominated in foreign currencies are as follows:

	31 December 2013				31 December 2012			
	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Bank borrowings								
– RMB	4.20%~ 4.92%	837,000	1.0000	837,000	4.20%~ 5.95%	3,505,000	1.0000	3,505,000
– USD	–	–	–	–	3-month LIBOR +315BP	59,000	6.2855	370,845
Total				837,000				3,875,845

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Long-term borrowings (Continued)

(3) As at 31 December 2013, the five largest long-term borrowings

					31 December 2013		31 December 2012	
Lender	Starting date	Ending date	Currency	Interest rate (%)	Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
The Export-Import Bank of China	28/06/2012	28/06/2015	RMB	4.92%	192,000	192,000	–	–
The Export-Import Bank of China	24/05/2012	24/05/2015	RMB	4.92%	141,000	141,000	–	–
The Export-Import Bank of China	04/01/2012	04/01/2015	RMB	4.92%	100,000	100,000	–	–
The Export-Import Bank of China	18/01/2013	18/01/2016	RMB	4.92%	60,000	60,000	–	–
The Export-Import Bank of China	11/01/2013	11/01/2016	RMB	4.92%	55,000	55,000	–	–
Total						548,000		–

As at 31 December 2013, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Debentures payable

	Beginning balance	Increase in current year	Decrease in current year	Ending balance
Medium-term notes	5,990,833	2,580	–	5,993,413

(a) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	Amortization in current year	Discount at the end of the year	Effect of foreign exchange rate changes	Ending balance
Medium-term notes – 11CIMC MTN1	4,000,000	23/05/2011	5 years	4,000,000	(9,167)	2,580	–	(6,587)	3,993,413
Medium-term notes – 12CIMC MTN1	2,000,000	24/05/2012	3 years	2,000,000	–	–	–	–	2,000,000
Total				6,000,000	(9,167)	2,580	–	(6,587)	5,993,413

Information for the Company's debentures payable please refer to Note V.36.

16. Deferred tax assets and deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	31 December 2013		31 December 2012	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	856,016	214,004	657,886	164,472
Movement for fair value of financial assets at fair value through profit or loss	26,865	6,716	90,931	22,733
Sub-total	882,881	220,720	748,817	187,205
Offsetting amount	(22,765)	(5,691)	(550,957)	(133,222)
Net amount after offsetting	860,116	215,029	197,860	53,983

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets and deferred tax liabilities (Continued)

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences (Continued)

	31 December 2013		31 December 2012	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Movement for fair value of available-for-sale financial assets charged to equity	–	–	(537,021)	(129,737)
Movement for fair value of financial assets at fair value through profit or loss	(22,765)	(5,691)	(13,936)	(3,485)
Sub-total	(22,765)	(5,691)	(550,957)	(133,222)
Offsetting amount	22,765	5,691	550,957	133,222
Offsetting balances	–	–	–	–

At 31 December 2013, the Company had no unrecognised deferred tax assets.

17. Capital surplus

	31 December 2012	Increase in current year	Decrease in current year	31 December 2013
Share premium	212,656	–	–	212,656
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	43,754
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Change in fair value of available-for-sale financial assets	537,021	–	(537,021)	–
– Deferred tax effect	(129,737)	–	129,737	–
– Equity settled share-based payment	238,283	81,505	–	319,788
Others	(568,492)	–	–	(568,492)
Total	334,259	81,505	(407,284)	8,480

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Revenue and cost of sales

(1)

	2013	2012
Revenue from other operations	192,684	241,531
Cost of sales from other operations	–	16

(2) **Revenue and cost of sales from other operations**

	2013		2012	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	192,196	–	240,731	–
Others	488	–	800	16
Total	192,684	–	241,531	16

19. Profit/(losses) from changes in fair value

	2013	2012
Financial assets at fair value through profit or loss for the current period		
– Changes in fair value during the year	(7,880)	(32,665)
– Losses for derecognised financial assets at fair value through profit or loss	16,710	46,601
Financial liabilities at fair value through profit or loss for the current period		
– Changes in fair value during the year	64,066	5,195
1. Losses from changes in fair value of derivative financial instrument	64,066	5,195
Total	72,896	19,131

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

20. Investment income

(1) Investment income by categories

	2013	2012
Income from long-term equity investment under cost method	**1,000,288**	1,469,894
Income from long-term equity investment under equity method	**(90,373)**	(1,481)
Income from disposal of available-for-sale financial assets	**534,108**	–
Income earned during the holding period of available-for-sale financial assets	**13,222**	11,138
Loss from disposal of financial assets at fair value through profit or loss for the current period	**(16,710)**	(46,601)
Others	**–**	(954)
Total	**1,440,535**	1,431,996

Investment income from listed investments in 2013 amount to RMB530,620,000 (2012: investment loss: RMB35,463,000); and investment income from non-listed investments in 2013 amount to RMB909,915,000 (2012: investment income: RMB1,467,459,000).

(2) In investment income from long-term equity investment under cost method, investees that contributed investment income for more than 5% of the Company's total profit, or the top five investees that contributed most to the Company's investment income are set out as follows:

Investee	2013	2012	Reason for current year fluctuation
XHCIMCS	**177,895**	211,224	Dividend distributed in 2013 is less than that in 2012
SCRC	**156,688**	204,936	Dividend distributed in 2013 is less than that in 2012
HI	**123,200**	–	Dividend distributed in 2013 is more than that in 2012
TJCIMCN	**119,525**	192,370	Dividend distributed in 2013 is less than that in 2012
TCCIMC	**82,479**	148,277	Dividend distributed in 2013 is less than that in 2012
Total	**659,787**	756,807	

There was no significant restriction on the remittance of investment income to the investor.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

20. Investment income (Continued)

(3) In investment income from long-term equity investment under equity method, investment income from investee is set out as follows:

Investee	2013	2012	Reason for current year fluctuation
C&C Trucks	(88,593)	–	New associate acquired in the end of 2012
SCSCRC	(1,780)	(1,481)	Loss occurred in 2013 is more than that in 2012
	(90,373)	(1,481)	

21. Non-operating income

(1) Non-operating income by categories

	2013	2012
Gains on disposal of fixed assets	25	1,320
Gains on disposal of intangible assets	–	50,531
Government grants	1,052	3,275
Others	641	133
Total	1,718	55,259

(2) Details of government grants

	2013	2012
Financial subsidies	1,052	3,275

22. Income tax expenses

	2013	2012
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	(31,309)	8,271
Total	(31,309)	8,271

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

22. Income tax expenses (Continued)

Reconciliation between income tax expenses and accounting profits is as follows:

	2013	2012
Total profit	**947,231**	1,075,032
Income tax expenses calculated at applicable tax rates	**236,807**	268,757
Expenses not deductible for tax purposes	**1,157**	16,495
Tax effect of tax loss for which no deferred tax asset was recognised in this Reporting Period	**–**	89,241
Unrecognised tax losses in last Reporting Period	**(38,489)**	–
Income not subject to tax	**(230,784)**	(366,222)
Income tax expenses	**(31,309)**	8,271

23. Other comprehensive income

	31 December 2012	Changes in current year	Tax effect	Reclassification	31 December 2013
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met:					
Net change in fair value of available-for-sale financial assets and transfer to/from profit or loss arising from reclassification	407,284	(2,913)	129,737	(534,108)	–

	31 December 2011	Changes in current year	Tax effect	Reclassification	31 December 2012
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met:					
Net change in fair value of available-for-sale financial assets and transfer to/from profit or loss arising from reclassification	379,383	37,201	(9,300)	–	407,284

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

24. Notes to the consolidated cash flow statement

(1) Supplementary information to the consolidated cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities

	2013	2012
Net profit	978,540	1,066,761
Add: Provisions for asset impairment	(3)	(103)
Depreciation of fixed assets	16,790	17,200
Amortisation of intangible assets	693	364
Amortisation of long-term prepaid expenses	2,311	2,005
Gains on disposal of fixed assets, intangible assets	141	(51,851)
Profit on change in fair value	(72,896)	(19,131)
Financial expenses	580,727	489,425
Investment income	(1,440,535)	(1,431,996)
Share-based payment expenses	81,505	107,036
Increase in deferred tax assets	(31,309)	8,271
Decrease/(Increase) in operating receivables	1,719,904	(4,061,221)
Increase in operating payables	137,494	2,928,103
Net cash flows from operating activities	1,973,362	(945,137)

(b) Net increase in cash and cash equivalents

	2013	2012
Cash and cash equivalents at the end of the year	386,732	444,913
Less: cash and cash equivalents at the beginning of the year	444,913	427,874
Net increase in cash and cash equivalents	(58,181)	17,039

(2) Cash and cash equivalents

	2013	2012
Cash		
Including: Cash at bank that can be readily drawn on demand	386,699	433,044
Other monetary fund that can be readily drawn on demand	33	11,869
Cash and cash equivalents at the end of the year	386,732	444,913

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

(All amounts in RMB'000 unless otherwise stated)

XIII. NET CURRENT ASSETS

	The Group	
	31 December 2013	31 December 2012
Current assets	41,169,668	38,346,189
Less: current liabilities	32,576,349	25,540,032
Net current assets	8,593,319	12,806,157

	The Company	
	31 December 2013	31 December 2012
Current assets	13,434,256	15,551,651
Less: current liabilities	6,733,555	6,195,807
Net current assets	6,700,701	9,355,844

XIV. TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	31 December 2013	31 December 2012
Total assets	72,605,972	62,992,380
Less: current liabilities	32,576,349	25,540,032
Total assets less current liabilities	40,029,623	37,452,348

	The Company	
	31 December 2013	31 December 2012
Total assets	20,691,075	23,204,261
Less: current liabilities	6,733,555	6,195,807
Total assets less current liabilities	13,957,520	17,008,454

(All amounts in RMB'000 unless otherwise stated)

SUPPLEMENTARY INFORMATION

1. Statement of non-recurring profit or loss

	2013
Loss on disposal of non-current assets	(23,297)
Government grants recognised in profit or loss for the current period	155,423
Gains from the excess of the fair value of attributable identifiable net assets of the investee upon acquisition over the cost of acquisition	35,017
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date recognised in investment losses	(4,792)
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the Group's ordinary activities	751,148
Reversal of accounts receivable provided for bad debts on an individual basis	7,110
Fund appropriation fee received from non-financial institutions recognised in the profit/loss for the period	4,793
Net gain from disposal of subsidiary	915
Other non-operating income and expenses other than the above items	24,742
Effect of income tax	(83,152)
Effect of minority interests (after tax)	(30,676)
Total	837,231

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, 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.

(All amounts in RMB'000 unless otherwise stated)

SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share

In accordance with 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 earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11%	0.82	0.81
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7%	0.50	0.49

3. Explanations of irregular fluctuations and related reasons on major items of the financial statements

Assets:		31 December 2013	31 December 2012	Fluctuation amount and percentage	
				Amount	%
Notes receivable	(1)	**1,376,286**	778,109	598,177	77%
Advance to suppliers	(2)	**3,393,804**	1,213,042	2,180,762	180%
Other receivables	(3)	**2,805,061**	2,114,435	690,626	33%
Available-for-sale financial assets	(4)	**7,342**	609,751	(602,409)	-99%
Investment properties	(5)	**324,811**	183,668	141,143	77%
Construction in progress	(6)	**6,684,619**	2,279,993	4,404,626	193%
Long-term prepaid expenses	(7)	**96,075**	47,947	48,128	100%
Other non-current assets	(8)	**333,097**	203,040	130,057	64%

(1) Notes receivable: mainly due to the increase of sales settled by bills.

(2) Advance to suppliers: mainly due to the prepayments for the purchase of machinery resulting from more orders accepted by the offshore engineering segment.

(3) Other receivables: mainly due to the increase of lending to external related parties.

(4) Available-for-sale financial assets: mainly due to the disposals of available-for-sale financial assets.

(5) Investment properties: mainly due to the acquisition of Zhenhua Group.

(6) Construction in progress: mainly due to the new vessels under construction.

(7) Long-term prepaid expenses: mainly due to the increase insurance premium for financial lease items.

(8) Other non-current assets: mainly due to the acquisition of Zhenhua Group and Hongxin Berg.

(All amounts in RMB'000 unless otherwise stated)

SUPPLEMENTARY INFORMATION (CONTINUED)

3. Explanations of irregular fluctuations and related reasons on major items of the financial statements (continued)

Liabilities:		31 December 2013	31 December 2012	Fluctuation amount and percentage	
				Amount	%
Short-term borrowings	(1)	**7,244,780**	5,438,407	1,806,373	33%
Dividends payable	(2)	**197,897**	38,747	159,150	411%
Current portion of non-current liabilities	(3)	**2,458,775**	1,261,940	1,196,835	95%
Long-term payables	(4)	**242,992**	145,103	97,889	67%
Financial liabilities at fair value through profit or loss-non-current portion	(5)	**27,166**	82,242	(55,076)	(67%)

(1) Short-term borrowings: mainly due to the financing arrangement to meet the requirement working capital.

(2) Dividends payable: mainly due to the dividends payable to minority shareholders resulting from the acquisition of Zhenhua Group.

(3) Current portion of non-current liabilities: mainly due to the transfer of long-term borrowings due within one year.

(4) Long-term payables: mainly due to the acquisition of Hongxin Kingberg.

(5) Financial liabilities at fair value through profit or loss-non-current portion: mainly due to certain interest rate swap contracts falling due during the Reporting Period.

Profit and loss		31 December 2013	31 December 2012	Fluctuation amount and percentage	
				Amount	%
Asset impairment losses	(1)	**138,931**	537,071	(398,140)	(74%)
Investment income/(losses)	(2)	**508,677**	(97,851)	606,528	620%
Profit from changes in fair value	(3)	**189,883**	58,561	131,322	224%
Minority interests	(4)	**454,177**	(8,651)	462,828	5,350%

(1) Asset impairment losses: mainly due to the provision provided for the property located in Europe considering the European debt crisis' impact on the real estate market in last Reporting Period.

(2) Investment (losses)/income: mainly due to the disposals of available-for-sale financial assets.

(3) Profit/(losses) from changes in fair value: mainly due to the changes in fair value of available-for-sale financial assets and derivative financial instruments.

(4) Minority interests: mainly due to the changes in financial position of minority shareholders' subsidiaries.

Chapter 14
Confirmation from the Directors and Senior Management

According to relevant provisions and requirements of the PRC Securities Law and Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the CSRC, as the Board of Directors and senior management of the Company, we have carefully reviewed the annual report for 2013 and concluded that this annual report truly and objectively represents the business performance of the Company, it contains no false representations, misleading statements or material omissions and complies with the requirements of the CSRC and other relevant regulatory authorities.

Chapter 15
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 the laws and regulations and the Articles of Association:

1. The annual report signed by the Chairman of the Board.

2. The financial statements under the hand and seal of the Legal Representative, Chief Financial Officer, person-in-charge of accounting institution (accounting officer).

3. The original of the Audit Report under the seal of the Accountants Firm and under the hand of Certified Public Accountants.

4. The original copies of the documents and announcement of the Company published in the newspaper stipulated by the China Securities Regulatory Commission during the Reporting Period.

5. Copies of all Chinese and English announcements of the Company published on the websites of the Hong Kong Stock Exchange and the Company during the period of the annual report.

6. The Articles of Association.

April 2014

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CIMC R&D Center, No.2 Gangwan Avenue, Shekou,
Nanshan District, Shenzhen, Guangdong, P.R.C

Tel: 86-755-26691130
Fax: 86-755-26692707

www.cimc.com