



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

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

A Share Stock Code: 000039

H Share Stock Code: 2039

## 2014 Annual Report





## Significant Risk Warning

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





# CONTENTS

Definitions	3
Glossary	6
Chapter 1 Corporate Profile	7
Chapter 2 Summary of Accounting Data and Financial Indicators	10
Chapter 3 Chairman's Statement	15
Chapter 4 Report of the Board	22
Chapter 5 Management Discussion and Analysis	68
Chapter 6 Report of the Supervisory Committee	76
Chapter 7 Significant Events	78
Chapter 8 Changes in Share Capital and Information on Shareholders	96
Chapter 9 Information on Directors, Supervisor, Senior Management and Employees	106
Chapter 10 Corporate Governance and Corporate Governance Report	123
Chapter 11 Internal Control	148
Chapter 12 Auditors' Report	157
Chapter 13 Financial Statements Prepared in Accordance with CASBE	159
Chapter 14 Confirmation from the Directors and Senior Management	395
Chapter 15 Documents Available for Inspection	396

# 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 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 2014 annual report (this "Report") has been reviewed and approved at the fourth meeting of the 7th session of the Board in 2015. 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 the date of dividend payment record for 2014, a cash dividend of RMB3.10 (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 proposed dividend is expected to be payable on or around 22 July 2015. The annual dividend-distribution plan for 2014 shall be submitted to the Company's annual general meeting for consideration and approval.

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 the accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this Report.

No substantial shareholder of the Company has utilized the funds of the Company for non-operating purposes.

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with the Accounting Standards for Business Enterprises ("CASBE"). The financial statements of the Group for 2014 prepared in accordance with CASBE have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

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 be aware of investment risks.

This 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) (or 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;
"Articles of Association"	"The Articles of China International Marine Containers (Group) Co., Ltd.";
"Board"	the Board of the Company;
"CASBE"	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 CASBE and other related regulations subsequently issued;
"Company" or "CIMC"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated 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;
"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 Finance Company"	CIMC Finance Co., Ltd., a company incorporated in the PRC on 9 February 2010 and a subsidiary of the Company;
"CIMC Financial Leasing Company"	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC on 30 July 2007 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 Modern Logistics"	CIMC Modern Logistics Co., Ltd. (中集現代物流發展有限公司), a company incorporated in the PRC on 12 March 2014 and a 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;
"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;

## Definitions

“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“C&C Trucks”	C&C Trucks Co., Ltd. (集瑞聯合重工有限公司), a company incorporated in the PRC on 12 March 2009 and a subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“H share(s) (or 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;
“Latest Practicable Date”	15 April 2015, i.e. the last transaction date of the shares of the Company before printing this Report;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules;
“PRC or China”	the People’s Republic of China;
“Pteris”	Pteris Global Ltd, a company incorporated in 1979, listed on the Main Board of Singapore Stock Exchange in 1991, and then listed on Catalist in 2014 (stock code: UD3), and a subsidiary of the Company;
“Reporting Period”	the twelve months started from 1 January 2014 and ended on 31 December 2014;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“The Group, we, our and us”	the Company and its subsidiaries;

## Definitions

“Tianyi Investment”	Shenzhen Tianyi Investment Co., Ltd., a company incorporated in the PRC on 20 September 2011 and a subsidiary of the Company;
“US\$, or U.S. dollars”	United States dollars, the lawful currency of the United States of America;
“Zhenhua Logistics”	Zhenhua Logistics Group Co., Ltd. (振華物流集團有限公司), a company incorporated in the PRC on 13 September 1993 and a subsidiary of the Company; and
“Ziegler”	Albert Ziegler GmbH, a company incorporated in Germany and a subsidiary of the Company.

# Glossary

This glossary contains certain definitions of technical terms used in this Report in connection with the Company. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

Items	Definitions
CNG	Compressed Natural Gas;
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;
IBC	Intermediate Bulk Container;
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water;
LNG	Liquefied Natural Gas;
Modular Building	the building that manufactured in a factory environment and transported to a prepared project site to install;
ONE Model	Optimization Never Ending, the lean management system of CIMC;
QHSE	A management system that guides and controls an organization in respect of Quality, Health, Safety and Environment;
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 600-3,600m. The platform typically uses a dynamic positioning system for positioning; and
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet 6 inches and a width of 8 feet), being used to measure the volume of a container.



# Chapter 1 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.

The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994 and its H shares were listed by introduction on the main board of the Hong Kong Stock Exchange on 19 December 2012. The Company is the first enterprise in China with its B shares converted into H shares listed on the main board of the Hong Kong Stock Exchange.

The Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, 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, heavy trucks, jack-up drilling platforms, semisubmersible drilling platforms, special vessels, 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 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 Name in Chinese:	中國國際海運集裝箱(集團)股份有限公司
Abbreviated Chinese Name:	中集集團
Company Name in English:	China International Marine Containers (Group) Co., Ltd.
Abbreviated English Name:	CIMC
Legal Representatives:	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, the PRC
Postal Code:	518067
Company Website:	<a href="http://www.cimc.com">http://www.cimc.com</a>
Email Address:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

# Chapter 1 Corporate Profile

## 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, the 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, the PRC
Contact Telephone:	(86) 755 – 2680 2706
Facsimile:	(86) 755 – 2681 3950
Email Address:	shareholder@cimc.com
Assistant Company Secretary:	Shen Yang
Contact Address:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Contact Telephone:	(852) 2232 7318
Facsimile:	(852) 2805 1835
Email Address:	shareholder@cimc.com

## 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: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> H shares: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Legal Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Places at which this Report is Available:	Office of the Secretary to the Board, Financial Management Department, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, the PRC

## Chapter 1 Corporate Profile

### 5 STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed: Shenzhen Stock Exchange  
 Abbreviated Stock Name for A Shares: 中集集團  
 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

Hong Kong Lawyers: Paul Hastings  
 Address: 21-22/F, Bank of China Tower, 1 Garden Road,  
 Central, Hong Kong

PRC Lawyers: Commerce & Finance Law Offices  
 Address: 6/F, NCI Tower, A12 Jianguomenwai Avenue,  
 Chaoyang District, Beijing, the PRC

Auditors: PricewaterhouseCoopers Zhong Tian LLP  
 Address: 11th Floor, PricewaterhouseCoopers Centre,  
 2 Corporate Avenue, 202 Hu Bin Road,  
 Huangpu District, Shanghai 200021, the PRC

Name of the Certified Public Accountants as the signatories: Cao Cuili, Cai Zhifeng

# Chapter 2 Summary of Accounting Data and Financial Indicators

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

Unit: RMB'000

	2014	2013	Changes from last year to this year (%)	2012
Revenue	70,070,855	57,874,411	21.07%	54,334,057
Net profit attributable to equity holders of the Company	2,477,802	2,180,321	13.64%	1,939,081
Net profit attributable to equity holders of the Company after deducting non-recurring profit/loss	2,142,682	1,343,090	59.53%	1,706,490
Net cash flows from operating activities	6,434,477	2,749,926	133.99%	2,242,919
Basic earnings per share (RMB)	0.93	0.82	13.41%	0.73
Diluted earnings per share (RMB)	0.92	0.81	13.58%	0.73
Weighted average return on net assets (%)	11.63%	11.00%	0.63%	10.00%

	As at 31 December 2014	As at 31 December 2013		Changes from last year to this year (%)	As at 31 December 2012	
		unadjusted	adjusted	adjusted	unadjusted	adjusted
Total assets	87,776,181	72,605,972	72,605,972	20.89%	62,992,380	62,992,380
Net assets attributable to equity holders of the Company	22,290,314	20,674,037	20,674,037	7.82%	19,513,176	19,513,176

Note: The Company restated the balance sheet for the year 2013 to adapt for the changes in accounting policies, which is further disclosed in "Chapter 13 Financial Statements Prepared in Accordance with CASBE" herein.



## Chapter 2 Summary of Accounting Data and Financial Indicators

Unit: RMB'000

Income Statement Items	For the year ended December 31,					
	2014	2013	Changes from the last year to this year (%)	2012	2011	2010
Revenue	70,070,855	57,874,411	21.07%	54,334,057	64,125,053	51,768,316
Operating profit	3,297,874	3,370,835	(2.16)%	2,639,441	4,735,293	3,438,168
Profit before income tax expense	3,570,416	3,562,720	0.22%	2,907,380	5,022,706	3,674,607
Income tax expense	536,488	928,222	(42.20)%	976,950	1,363,768	823,748
Profit for the year	3,033,928	2,634,498	15.16%	1,930,430	3,658,938	2,850,859
Net profit attributable to equity holders of the Company	2,477,802	2,180,321	13.64%	1,939,081	3,690,926	3,001,851
Non-controlling interest	556,126	454,177	22.45%	(8,651)	(31,988)	(150,992)
Net profit attributable to equity holders of the Company after deducting non-recurring profit/loss	2,142,682	1,343,090	59.53%	1,706,490	3,579,162	2,791,507

Unit: RMB'000

Assets and liabilities Items	As at December 31					
	2014	2013	Changes from the last year to this year (%)	2012	2011	2010
Total current assets	45,172,177	41,169,668	9.72%	38,346,189	40,727,025	33,791,508
Total non-current assets	42,604,004	31,436,304	35.52%	24,646,191	23,634,689	20,339,141
Total assets	87,776,181	72,605,972	20.89%	62,992,380	64,361,714	54,130,649
Total current liabilities	43,340,077	32,576,349	33.04%	25,540,032	31,236,333	29,971,335
Total non-current liabilities	17,153,989	15,533,495	10.43%	15,335,191	11,511,709	4,952,614
Total liabilities	60,494,066	48,109,844	25.74%	40,875,223	42,748,042	34,923,949
Equity attributable to equity holders of the Company	22,290,314	20,674,037	7.82%	19,513,176	18,633,154	16,223,057
Equity attributable to non-controlling interest	4,991,801	3,822,091	30.60%	2,603,981	2,980,518	2,983,643
Total equity	27,282,115	24,496,128	11.37%	22,117,157	21,613,672	19,206,700

## Chapter 2 Summary of Accounting Data and Financial Indicators

Unit: RMB'000

Cash Flow Items	For the year ended December 31,					
	2014	2013	Changes from the last year to this year (%)	2012	2011	2010
Net cash flows from operating activities	6,434,477	2,749,926	133.99%	2,242,919	2,254,437	1,482,901
Net cash flows from investing activities	(11,553,782)	(6,504,459)	(77.63)%	(1,559,348)	(3,576,060)	(2,730,302)
Net cash flows from financing activities	3,940,986	3,632,937	8.48%	(2,889,667)	4,507,951	477,409

Key Financial Indicators	Changes from the last year to this year (%)					
	2014	2013	Changes from the last year to this year (%)	2012	2011	2010
Basic earnings per share attributable to equity holders of the Company (RMB)	0.93	0.82	13.41%	0.73	1.39	1.13
Diluted earnings per share attributable to equity holders of the Company (RMB)	0.92	0.81	13.58%	0.73	1.37	1.13
Net cash flows from operating activities per share (RMB)	2.41	1.03	133.98%	0.84	0.85	0.56
Weighted average return on net assets after deducting non-recurring profit or loss (%)	10.06%	7.00%	3.06%	9.00%	20.00%	18.00%

Key Financial Indicators	Changes from the last year to this year (%)					
	As at 31 December 2014	As at 31 December 2013	Changes from the last year to this year (%)	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
Net assets per share attributable to equity holders of the Company (RMB)	8.34	7.77	7.34%	7.33	7.00	6.09
Weighted average return on net assets (%)	11.63%	11.00%	0.63%	10.00%	21.00%	20.00%

## Chapter 2 Summary of Accounting Data and Financial Indicators

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

Unit: RMB'000

Item	2014	2013	2012
Profit/(Loss) on disposal of non-current assets	(33,210)	(23,297)	37,135
Government grants recognised in profit/loss for the period	294,996	155,423	133,270
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 gains/(losses)	41,863	(4,792)	–
Gains/(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	(127,662)	751,148	41,358
Reversal accounts receivable provided for bad debts on an individual basis	80,784	7,110	9,383
Fund appropriation fee received from non-financial institutions recognised in the profit/loss for the period	–	4,793	11,445
Net gains/(losses) from disposal of subsidiaries	(8,278)	915	–
Other non-operating income and expenses other than the above items	10,756	24,742	42,786
Other profit/loss items defined as non-recurring profit/loss items	155,860	–	–
Less: Effect of income tax	(38,082)	(83,152)	(73,276)
Effect of minority interests (after tax)	(41,907)	(30,676)	(24,260)
<b>Total</b>	<b>335,120</b>	<b>837,231</b>	<b>232,591</b>

Reasons and explanations on the Company's non-recurring profit/loss items as defined under the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profit or Loss (the "Explanatory Announcement No.1") and the recurring profit/loss items which are listed as non-recurring profit/loss items under the requirements of the Explanatory Announcement No.1.

Applicable     Not Applicable

## Chapter 2 Summary of Accounting Data and Financial Indicators

### 3. ITEMS AT FAIR VALUE

Unit: RMB'000

	Balance at beginning of this year	Profit and loss arising from fair value changes in this year	Cumulative changes in fair value recognised in equity	Impairment provisions accrued in this year	Balance at end of this year
Financial assets					
1. Financial assets at fair value through profit or loss in the Reporting Period (excluding financial derivatives)	319,605	874	–	–	403,709
2. Financial derivatives	133,068	(109,393)	–	–	22,741
3. Hedging instruments	7,940	–	(3,566)	–	1,219
4. Financial assets available for sales	7,342	–	1,932	–	6,514
Total financial assets	467,955	(108,519)	(1,634)	–	434,183
Financial liabilities	(28,463)	(120,206)	–	–	(177,541)
<b>Total</b>	<b>439,492</b>	<b>(228,725)</b>	<b>(1,634)</b>	<b>–</b>	<b>256,642</b>



## 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 2014 for your review. I would also like to express my sincere gratitude for your care and support on behalf of the Board.

In 2014, the international economic relations are intricate, with great changes in commodity prices (particularly energy prices) and constant fluctuations in financial foreign exchange market. The global economy still keeps low-speed growth and slow recovery, but developed economies, especially the United States economy, has recovered into a positive situation. China's economy has entered into a "new normal" with development themes including transformation, change, innovation and quality. In response to the challenges and pressures from economic fluctuation and restructuring, the Group took prompt action and managed to overcome numerous difficulties. By committing itself to business transformation and upgrading, management reform and optimization, business development and international M&A, innovation in product technologies and business models, corporate governance and operation compliance, and asset safety and risk control, the Group achieved sound development in its business and management and actively fulfilled its social responsibilities. In spite of negative influence from the economic environment changes at home and abroad, the Group's annual revenue and earnings recorded increase as compared with the corresponding period of the previous year.



## Chapter 3 Chairman's Statement

### OPERATING RESULTS

In 2014, the Company's revenue reached RMB70.071 billion, representing an increase of 21.07% from RMB57.874 billion for 2013, and the net profits attributable to shareholders of the parent company amounted to RMB2.478 billion, representing an increase of 13.64% from RMB2.18 billion for 2013. The basic earnings per share amounted to RMB0.93, as compared with RMB0.82 in 2013.

For the Group's businesses, the profit of container business declined while that of the vehicle business achieved marked growth; the businesses of energy, chemical and liquid food achieved expected growth; and the offshore engineering business turned a profit for the first time.

### MANAGEMENT CHANGE AND BUSINESS DEVELOPMENT

Starting from 2010, the Company initiated a series of reform activities named "upgrading" to implement transformation and upgrading for business and change of management model for management. After the joint efforts of management, business segments and all staff, the upgrading activities carried out in the past few years have achieved good results and effectively promoted the healthy development of the Group.

We have achieved optimization of the business structure, formed the "manufacturing + services + finance" pattern spanning both logistics and energy fields, and had nine major business segments with industry leading position or good prospects. Our professional core management team for business segments have been established initially and been able to effectively undertake and support strategic management and operation of the nine major business segments.

Besides, we have established the Group's management model with strategic management at the core and basically built 5S System based on hierarchical management, while developing strategic planning, business plans, management reporting, performance evaluation, internal control audit and other mechanisms and processes, thus ensuring the effective progress of the Group's overall strategy. We have also built up the operating mechanisms for the Group's Executive Committee and special committees to enhance the scientific value of decision-making and avoid major risks.

Our cultural philosophy of "people-oriented and mutual business" has been constructed preliminarily and the key talent introduction and training program is also advanced persistently.

In 2014, the Group's diversified business structure has been further optimized, while the ratio of income from businesses concerning China's strategic emerging industries increased substantially, and income from offshore engineering equipment business exceeded billions of yuan. Businesses of road transportation vehicle, airport facilities and equipment and logistics services all achieved great breakthroughs in terms of cross-border mergers and acquisitions, business expansion and capital operation.

The Group devotes to optimise the existing capacity arrangement for its container business and continues the upgrading of container business in an all-round way. Although container prices dropped in 2014 due to the decrease of raw material costs as compared with the same period of the previous year, given the sustained global economic recovery and the faster growth of global container business, the demand for containers in market increased more than expected, but affected by relocation and production halts of some factories as well as fluctuation in fair value of derivatives of RMB foreign exchanges, the profitability of container business declined.

Since China has issued many policies such as energy conservation and overloading control to create a favorable policy environment, the Group's road transportation vehicle business also benefits from cost reductions and demand improvement. The Group continues to promote the global operation and management and expand key markets, focusing on the consolidation of inefficient assets, technical upgrading and marketing network construction and optimization, so our asset operational efficiency and profitability have improved significantly.

Owing to falling oil prices and the slow progress of natural gas pricing mechanism reform, although the Group's revenues and profits from energy, chemical, liquid food equipment businesses saw a slower growth, the Group still achieved modest growth in profits. With the progress of gas pricing system reforms and the reduction in price levels, the overall operating environment of the industry still has room for improvement.

## Chapter 3 Chairman's Statement



The Group's offshore engineering business is facing pressures from sharply falling in oil prices and cutting of capital spending of downstream customers in the future. However, the Group still made desirable and gratifying progress in the project construction and product delivery, sale and acquisition of orders, proactively promoting the standardization and seriation of the projects and strengthening supporting capacity of the core equipment, and achieved the annual objective for turning into profit for the first time.

In terms of airport facilities and equipment business, the Group mainly focuses on the business consolidation and collaboration after overseas acquisitions, and has completed a reverse takeover of Pteris, thus realized the overall listing of CIMC Tianda. Our consolidation activities perform well and have laid the foundation for future growth. In February 2015, we announced the share acquisition of and capital injection into China Fire Safety Enterprise, a Hong Kong-listed company, which will contribute to further expansion of the Chinese fire rescue equipment market.

## Chapter 3 Chairman's Statement

Continuing to follow the development strategy of "manufacturing + services", the Group has adjusted the logistics services business, and the consolidated business lines of which include container services, integrated logistics, equipment logistics, project logistics and supply chain logistics; the Group has also provided services at three levels, including basic services, solutions and information integration.

As for its financial business, the Group has carried out the strategy of integration of industry and finance and continued to improve the cash management, thus reducing the Group's financial costs and liquidity risk and enhancing the operational efficiency and effectiveness. In addition, the Group has greatly expanded the supply chain finance and innovated business models so as to boost business development and restructuring and upgrading.

After years of exploration and practice, the Group attempted a new model of industrial real estate based on the traditional real estate. In addition to investing in the CIMC Zhigu project, the Group has fully consulted and communicated with the government through the innovative land operation models featuring "Industry-driven" and "Integration of Investment", so as to vigorously promoted the planning and development of land resources owned by the Group in regions such as Shenzhen Qianhai and Shanghai.

### CORPORATE GOVERNANCE

In 2014, the Company constantly enhanced the Company's governance system, improved its standardized operation and optimized its internal control system in compliance with the requirements of laws and regulations, including the PRC Companies Law, PRC Securities Law, Corporate Governance Guidelines for Listed Companies and those issued by CSRC, as well as the standards for the corporate governance of listed companies by CSRC

Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange. The Company positively and timely completed special corporate inspection and system establishment as required by relevant regulatory authorities. We have received a public recognition for its active promotion of standardized development of listed companies from CSRC Shenzhen Bureau in the sixth successive year.

After the conversion of B Shares to H Shares in 2012, the Company actively tried to conduct the diversified ownership reform. Our plan to place H Shares to the Company's management team and strategic investors will make the Company's equity interest structure more diversified, contribute to the dynamic integration of benefits of the management team and core employees with the Company's long-term development, and reflect and implement the cultural philosophy of "people-oriented and mutual business", thus bringing benefit to the Company's long-term sustainable development.

### CORPORATE SOCIAL RESPONSIBILITY

In 2014, following the vision and strategy of corporate social responsibility, the Group has taken sustained, organized and effective measures and actions, and assumed more social responsibilities, strived to become an eco-enterprise capable of coordinating all stakeholders for a balanced development. We have achieved improvements and progress in science development, new industrialization, fair operations, environmental conservation, production safety, rights and interests of customers and consumers, win-win cooperation, employee relations, community involvement and development. The Group's sustainable development featuring safety, environmental protection and green concepts has won the respect of society, and our efforts in corporate social responsibility have been generally recognized by customers, governments, international organizations, media and other interested parties.



## Chapter 3 Chairman's Statement

### DIVIDEND DISTRIBUTION

Based on the Group's 2014 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.31 per share (including applicable taxes) for the year of 2014. The proposed dividend is expected to be payable on or around 22 July 2015. The annual dividend-distribution plan for 2014 shall be submitted to the Company's annual general meeting for consideration and approval.

### FUTURE PROSPECTS

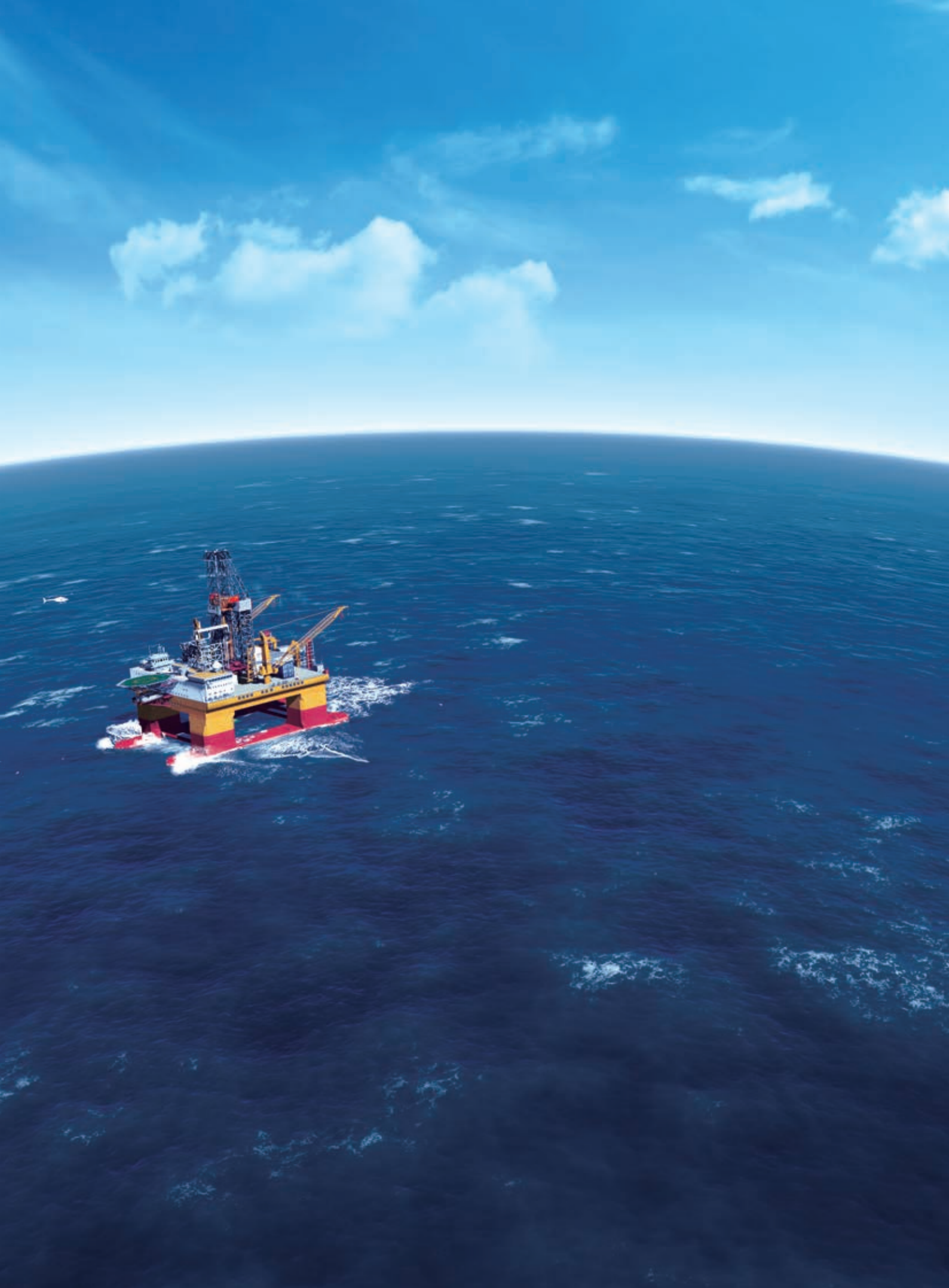
Looking ahead to 2015, we will face both opportunities and challenges. The world economy will continue to maintain a momentum of slow recovery, the United States will take the lead in the recovery, and the phenomenon of manufacturing capacity's returning to developed economies or shifting to emerging economies will sustain. In China, the manufacturing industry will suffer increased pressure. The domestic economy will have a new normal development and be expected to grow at a stable rate. Global financial markets will be driven by US economic recovery and appreciation of US dollars, and the commodity and oil price will fluctuate at a low level or may rebound.

In 2015, the government of China will focus on comprehensively deepening reform and implementing deregulation measures to reduce business costs; and improve efficiency by following the policy of "rule of law". Besides, the government will vigorously promote the development of "One Belt and One Road", pilot free trade zone (FTZ), regional economic integration, full implementation of low carbon and environmental protection law enforcement, while further raising the proportion of natural gas and other clean energy, ensuring national energy security strategy and other new national strategies, supporting the development of strategic emerging industries, encouraging universal implementation of innovation, standardizing the market entry of financial securities, and further pushing forward the Renminbi internationalization, connection of stock market with international standards and other financial deepening measures. China's constant efforts to deepen reforms have brought tremendous opportunities and challenges for the medium-and long-term development and transformation and upgrading of enterprises.

It is expected that the trade volume of global containers will continue to grow in 2015, at a rate slightly greater than 2014. After significant decrease of fuel costs, considering the factors of reducing costs, absorbing excess capacity and reducing emissions, the shipping companies are expected to continue to promote the trend of larger-sized vessel and maintain slow-sailing for the shipping period, which help to maintain the growth in container market demand. The demand growth of road transportation vehicles market will continue to benefit from the economic upturn in Europe and America, as well as the economic development and consumption upgrading of China and other emerging economies. China has taken low-carbon environmental protection and pollution control as a core of governance. Pursuant to the growth goal of the ratio of clean energy and new energy specified in the "13th Five Year Plan", China will accelerate and strengthen the environmental protection law enforcement and the clean energy investment and construction, and gradually complete the energy price reform in 2015. China's demand on natural gas and related transportation equipment and engineering services will still increase sustainedly, and the pressures and pains faced by enterprises will also be gradually digested and reduced. The global offshore engineering equipment market is affected by the over-supply of base oil products and low oil prices, and the downstream oil companies may cut investment in exploration and development, causing reshuffle in the industry, further decrease in new orders of offshore engineering equipment and larger overall market pressure.

In 2015, the Group will adjust our future development target positioning, conform to the needs of social changes and economic reforms, so as to explore and advance the practice of mixed ownership and optimize the corporate governance structure; continue the improvement and innovation in technology, business mode and operating management mechanism; strive to grasp historic opportunities and achieve "growth with quality" to become a real diversified transnational industrial group in pursuit of sustainable and healthy value growth.

**Li Jianhong**  
*Chairman*  
Shenzhen, the PRC  
24 March 2015





## OFFSHORE ENGINEERING BUSINESS



Revenue:

**RMB11.865 billion**  
(representing a year-on-year  
increase of 69.94%)

Net Profit:

**RMB5 million**  
(turning to profit for the first time)



# Chapter 4 Report of the Board

## I. OVERVIEW

In 2014, global economy was still in the stage of slow recovery. The U.S. economy entered a healthy development track, while developed economies such as Europe and Japan entered into a sustained period of stagnation and emerging economies remained tepid which still maintain slow growth. China's economy turned into a new state as the government promoted the transition in mode of economic growth, and the country will pay more attention to quality of the growth rather than quantity so as to establish a more sustainable development model. Among the Group's principal businesses, the profit of container business declined while that of the vehicle business achieved marked growth;; the businesses of energy, chemical and liquid food achieved expected growth; and the offshore engineering business turned a profit for the first time. The Company's annual revenue and earnings rose slightly as compared with the corresponding period of the previous year. During the Reporting Period, the Company's revenue reached RMB70.071 billion, representing an increase of 21.07% as compared with the corresponding period of the previous year (RMB57.874 billion in 2013), and the net profits attributable to shareholders of the parent company amounted to RMB2.478 billion, representing an increase of 13.64% as compared with the corresponding period of the previous year (RMB2.18 billion in 2013), and the basic EPS was RMB0.93, representing an increase of 13.41% as compared with the corresponding period of the previous year (RMB0.82 in 2013).

### Container Business

- Macro economy and its impact on the industry: Benefiting from the rise in the growth of global container trade and a sharp decline in fuel costs, the global container shipping companies saw general improvements in their profits with an increasing demand in container purchases. The launching of new container ships led to a demand for container allocation. The container turnaround efficiency, however, reduced due to the route adjustment

during the initial period of coalition among container shipping companies and congestion in some of major ports. These factors together contributed to a slightly more-than-expected market demand for containers in 2014. The prices of containers also fell as a result of a continued decline in raw material costs. It is expected that in 2014 the domestic container output was more than 3.4 million TEUs, a 26% increase compared with 2013. The outputs of standard dry containers, reefer containers and special containers were approximately 2.95 million TEUs, 225,000 TEUs and 120,000 units respectively.

- Changes to industrial policies and regulations: In August 2014, China's Ministry of Environmental Protection, National Development and Reform Commission, Ministry of Industry and Information, Ministry of Finance, Ministry of Housing and Urban-Rural Development and National Energy Administration jointly published the Implementing Rules of Measures for Assessing the Implementation of the Action Plan for Air Pollution Prevention and Control (for Trial Implementation) in accordance with the requirements by the Circular of the General Office of the State Council on the Issuance of the Measures for Assessing the Implementation of the Action Plan for Air Pollution Prevention and Control (for Trial Implementation). The introduction of the Implementing Rules brings not only huge pressure in environmental protection to China's traditional manufacturing industries (including container industry), but also new opportunities for their transformation and upgrading. It's expected that, the application and promotion of major environmental technology or eco-friendly materials, represented by water-based paint, solvent recovery, environmental protection floor, cyclopentane blowing agent (replacing Freon) etc., will be accelerated in the container industry.

## Chapter 4 Report of the Board

### Road Transportation Vehicle Business

- Macro economy and its impact on the industry: In 2014, the world economy continued to undergo a deep adjustment after the international financial crisis. With a great pressure of the economic slowdown, the situation of China's road vehicle industry market became severe. The demand for semi-trailers in the North American market hit a record high in recent years thanks to its stable economic growth. Although the demand for semi-trailers in European market grew rapidly in the first half of 2014, it was still recovering from its bottom as a result of continued economic weakness in major European countries and political instability in Eastern Europe. The business in emerging markets maintained the steady growth.
- Changes to industrial policies and regulations: China developed many strict control policies in 2014 to tighten standards for and improve the levels of the supervision and regulation of the special vehicle industry. In March 2014, vehicle inspection centers nationwide began strict internal management by regulating their technical management departments first. In July, many management standards for vehicles used to transport hazardous chemicals were in place to improve the quality and safety performance of tank trucks. According to the standards, China's Ministry of Industry and Information Technology will suspend the announcements of relevant products and the handling of declaration of relevant new products and require the installation of emergency shutdown devices for the non-compliant manufacturers of pressure-bearing tank trucks and tank trucks for hazardous goods under constant pressure. In September, China's Ministry

of Environmental Protection published the Circular on Printing and Issuing the 2014 Implementation Solutions for the Elimination of Yellow Sticker Vehicles and Scrap Vehicles. According to the solutions, it is expected to basically phase out 6 million yellow sticker vehicles and scrap vehicles by the end of 2014; 5 million yellow sticker vehicles in Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta by the end of 2015; and all yellow sticker vehicles nationwide by the end of 2017. With the introduction of several standards and regulations, many hidden rules in the industry were wiped out and the industry would set on a path to standardize development. China's special vehicle industry is faced with an unprecedented challenge, which will greatly boost domestic demand for transportation vehicle replacement and present a market opportunity for companies compliant with new industry standards.

### Energy, Chemical and Liquid Food Equipment Businesses

- Macro economy and its impact on the industry: The natural gas equipment industry was affected in the short term by the slowdown of replacement with natural gas, because of weak economic activities, reduced energy consumption and a time lag in the implementation of reductions in oil prices and natural gas prices. However, in the long term, just as stated in the "BP 2035 Global Energy Prospect", before 2035, the annual increase rate of the global natural gas demand is expected to be 1.9%. In 2014, the natural gas consumption in China is 178.6 billion m<sup>3</sup>, increased 5.6%; the import of natural gas is 57.8 billion m<sup>3</sup>, increased 8.2%.

## Chapter 4 Report of the Board

- Changes to industrial policies and regulations: But in the medium and longer run, the demand for natural gas is expected to grow substantially by 2020 as the Chinese government remains determined in gradually replacing coal and oil with traditional clean energy--natural gas. In 2014, China introduced 2014-2020 National Plan to Cope with Climate Changes, requiring natural gas to account for 10% or above in primary energy consumption with the utilization of 360 billion cubic metres by 2020. In the same year, China issued Energy Development Strategy Action Plan 2014-2020, providing for 15% of its primary energy consumption from non-fossil fuel sources, 10% or above from natural gas, and no more than 62% from coal by 2020.

### Offshore Engineering Business

- Macro economy and its impact on the industry: Oil prices collapsed from the second half of 2014 as the United States increased its shale oil production while OPEC opted not to cut oil production. In this context, all oil companies cut back their investment in exploration and development, leading to the decreased demand for daily rentals and utilization of offshore engineering equipment. Many oilfield service companies had to downsize as their share prices dropped and new orders for offshore engineering equipment plunged. Therefore, increasing efficiency and reducing costs became an industry-wide management focus.
- Changes to industrial policies and regulations: In 2014, China strengthened its effort to standardize the management of the shipbuilding and offshore engineering industry. The Ministry of Industry and Information Technology released the whitelist of 60 shipbuilding companies that complied with Standards for the Shipbuilding Industry in two batches. CMIC Raffles was among the list released in

the first batch because of its high rating. Besides, the State Council approved the Guidance on the Finance Industry Providing Support for the Transformation and Upgrading of the Shipbuilding Industry issued by People's Bank of China, to give stronger support for the whitelisted shipbuilding companies. The support measures include supporting seller's credit, broadening financing business, increasing insurance coverage, decreasing insurance charges, encouraging the participation of non-government capital, and helping with offshore engineering business.

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

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical, liquid food equipment, offshore engineering equipment and airport facilities, as well as the provision of relevant services, including the design, manufacture and service 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, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels and airport facilities. In addition, the Group is also engaged in logistics service, real estate development, finance and other businesses. Currently, the Group ranks 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 leading high-end offshore engineering equipment enterprises.

During the Reporting Period, the products contributing 10% or more to the Group's revenue or operating profit included containers, road transportation vehicles, energy, chemical and food equipment, offshore engineering, and logistics services.



## Chapter 4 Report of the Board

### Consolidated Operating Results

Unit: RMB'000

	2014	2013	Percentage Change (%)
Revenue	70,070,855	57,874,411	21.07%
Operating profit	3,297,874	3,370,835	(2.16)%
Net profit attributable to equity holders of the Company	2,477,802	2,180,321	13.64%
Net cash flows from operating activities	6,434,477	2,749,926	133.99%
Net increase/(decrease) in cash and cash equivalents	(1,246,245)	(216,016)	(476.92)%

### Container Manufacturing Business

During the Reporting Period, the sales and production volume of containers 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, special reefers and modular construction. Special reefers and modular construction mainly included 53-foot inland North America containers, Europe wide containers, bulk containers, special reefer containers, foldable containers and modular construction products.

In 2014, given the sustained global economic recovery and the faster growth of global container business, the demand for containers increased dramatically. During the year, the overall capacity across the container manufacturing industry increased slightly with the overall capacity utilization close to 60%, and the competition pattern of the industry was relatively stable. Although container prices dropped by about 5% in 2014 due to the falling raw material costs as compared with the same period of the previous year, the revenue of the Group from the container business still went up thanks to increased orders. During the Reporting Period, the total sales of the Group's ordinary dry containers were 1,385,300 TEUs, representing an increase of 27.29% as compared with the same period of last year. The total sales of reefer containers were 128,800 TEUs, representing a year-on-year increase of 7.69%. The total sales of special containers were 69,500 units, representing a year-on-year increase of 8.76%. In 2014, the container segment of the Group recorded revenue of RMB23.813 billion (same period in 2013: RMB21.307 billion), representing a year-on-year increase of 11.76% and the net profit was RMB0.71 billion (same period in 2013: RMB1.019 billion), representing a year-on-year decrease of 30.32%. The ordinary dry containers achieved sales revenue of RMB15.953 billion (same period in 2013: RMB13.252 billion), representing a year-on-year increase of 20.38%, the reefer containers RMB4.225 billion (same period in 2013: RMB3.932 billion), representing a year-on-year increase of 7.45%, and special containers RMB4.198 billion (same period in 2013: RMB4.414 billion), representing a year-on-year decrease of 4.89%. The reason for the profit decline of container business is mainly due to the relocation of some container factories and the production halts which leading the general and administration expense increased, and the book loss arising from changes in fair value of Renminbi foreign exchange derivatives based on foreign exchange hedging arrangements. In addition, as affected by different factors, such as the production ramp-up from the relocation and new-building of container factories and the decline of container prices, the gross profit margin of container products produced by the Group was 12.90% in 2014, representing a slight decline as compared with the same period in the previous year.

In 2014, the Group met the more-than-expected market demand and prudently invested in new factory projects through timely adjustment of the production scheduling; optimized existing capacity arrangement and continued the upgrading of container business in an all-round way mainly through the relocation. All these efforts will lay a good foundation for future long-term development of the Group.

## Chapter 4 Report of the Board

With regard to standard dry cargo containers, investment agreements were respectively signed for Dongguan Fenggang project and Ningbo Yinzhou project in 2014. As for reefer containers, Taicang cold container project, Qingdao cold chain industry park project, and other production base relocation or new projects were put into production. Meanwhile, the Group proactively expanded its global market for its modular construction business by establishing strategic cooperation relations with Hilton Hotel and InterContinental Hotels Group, stepping up the pace to land overall orders from internationally known hotels. In February, the container hotel products constructed by the Group's modular construction business attracted wide attention in Winter Olympics in Sochi, Russia. In April, the HIE turnkey project for InterContinental Hotels Group was completed through the modular construction business.

In May 2014, the US Department of Commerce initiated anti-dumping and anti-subsidy investigations (hereinafter referred to as "the Investigations") on 53-foot dry cargo containers imported from China. For relevant information, please refer to the announcements disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 19 May 2014. US International Trade Commission made an initial decision in June 2014, and believed that there were reasonable signs that the 53-foot dry cargo containers exported to the United States from China have resulted in significant obstacle or substantial damage on the establishment of the US domestic industry, therefore, the US continued the Investigations. US Department of Commerce made an initial decision on the anti-subsidy duties on 23 September 2014, and decided to levy 10.46% tariffs on the 53-foot dry cargo containers imported from China, and 10.51% as changed later. It also made an initial decision against the anti-dumping duties in 31 December, and decided to levy 104.59% tariffs on the 53-foot dry cargo containers imported from China. It's expected that (provided that a full extension was specified under the United States laws, but the actual situation shall be subject to the official announcement of the US Department of Commerce, the US International Trade Commission and the US Customs), on 3 April 2015, the US Department of Commerce will make final decision on anti-subsidy and anti-dumping duties; and on 18 May 2015, the US International Trade Commission will make a final award of industrial damage. Before 30 May 2015, the US Customs will introduce a tax order. With revenue from the 53-foot dry cargo containers accounting for low proportion of the Group's total operating revenue, it's estimated that the Investigations will not have significant impact on the Group's business operations and financial position. The Group will continue to closely monitor the progress of the Investigations.

### Road Transportation Vehicle Business

With a strategic vision of "relying on domestic competitive strengths to offer global customers first-class land logistics equipment and services", CIMC Vehicle Group, a subsidiary of the Company, adheres to the strategic development of the full value chain businesses including the design and development of products, manufacturing and delivery of products, sales and services, customer tracking and feedback and others. Currently, it has established a special vehicle product line consisting of 10 series and more than 1,000 models, including container semi-trailers, flatbed/tailgate semi-trailers, low-flatbed semi-trailers, vehicle loaded semi-trailers, stake trucks, van trucks, tank trucks, dump trucks, sanitation trucks and special vehicles. These products cover major domestic and international markets.

In 2014, the industrial profit level increased owing to low prices of raw materials such as steel. The proportion of logistics highway transportation vehicles in all road transportation vehicles also grew continuously because national policies including promotion of energy conservation and emission reduction, control of overloaded transportation and pilot drop and pull transport were developed for fast and efficient transportation. Domestically speaking, the government adopted the policy of keeping economic growth steady, so the domestic economy remained stable while the growth rate went down slightly. Meanwhile, the government vigorously carried out special rectification actions for environmental protection. Especially, it formulated plans to gradually phase out yellow sticker vehicles and scrap vehicles and develop clean energies, and strengthened efforts on regulating oversize and overload vehicles on road. All these measures have pushed up the overall demand in domestic heavy truck market. As to special vehicles, the production and sales of logistics vehicles recorded growth compared with same period last year, while that of construction vehicles decreased due to housing downturn and the adjustment of macroeconomic structure in the second half of 2014. Internationally speaking, the market grew strongly, and orders for dry cargo van trucks and skeleton trucks of the Group were better than expected. Businesses in emerging markets recorded stable growth, and explorations of major markets progressed smoothly. The businesses in European markets are pending to be re-integrated.

## Chapter 4 Report of the Board

Under the abovementioned domestic and overseas economic and industrial circumstances, the product sales of our road transportation vehicle business generally maintained a steady trend. The total sales of our road transportation vehicles business were 115,200 units (sets) in 2014 (same period in 2013: 104,800 million units (sets)), representing a year-on-year increase of 9.92%. The sales revenue was RMB13.39 billion (same period in 2013: RMB13.335 billion), representing a year-on-year increase of 0.41%. The net profit was RMB648 million (same period in 2013: RMB264 million), representing a year-on-year increase of 145.45%.

During the Reporting Period, our road transportation vehicle segment continued to steadily promote global operations and management, strived to improve asset management efficiency of all business units and profitability, and focused on the investment in technology upgrades and development of its marketing network. Main operating indicators of our vehicle business in 2014 improved to a certain extent compared with 2013: (1) our semi-trailer business in the domestic market recorded a year-on-year increase of more than 10% in sales and an improvement in market share owing to proper adjustment to its operating strategy, with the fully improved market share and economic benefits of leading products such as container flatbed and tailgate trucks; (2) our major products including dry cargo van trucks, refrigerator trucks and skeleton trucks reached their capacity limits with a year-on-year increase of around 41% in sales and around 36% in profits as we seized the market opportunity in North America; (3) we pushed for development and normal operations of subsidiaries in Australia and Saudi Arabia; (4) we also intensified efforts to expand the Southeast Asian market and invested in the establishment of assembly centers in markets such as Vietnam and Hong Kong; in 2014, the Group's vehicle business in emerging markets represented a year-on-year increase of 20%. Meanwhile, the Group's China's construction vehicle business implemented the strategy of "prudent management". As the Group expanded the power of subordinate modified vehicle companies, they put the market strategy of "being small, quick, and flexible" into full play, which helped increase their market share. In addition, the Group continued to consolidate and expand its business of vehicle logistic parks by exploring the model of extended development of strategic investors.

### Energy, Chemical and Liquid Food Equipment Businesses

CIMC Enric and its subsidiaries under the Group are principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South Americas; and from its production base in Europe, its liquid food equipment products and services are offered worldwide.

Despite that the upward trend of energy equipment business temporarily slowed down in the first half of 2014 due to macroeconomic situation and the natural gas price reform in China, the business bounced back in the second half of the year and its annual revenue remained stable compared with 2013. Benefiting from the gradual recovery of global economy, chemical equipment business recorded a moderate growth. Liquid food equipment business boomed, having extended from equipment manufacturing to a supplier of turnkey project solutions thanks to a large number of new orders following our acquisition of certain assets of Ziemann Group. Therefore, the Group's energy, chemical and liquid food equipment business in 2014 recorded revenue of RMB12.916 billion (same period in 2013: RMB11.580 billion), representing a year-on-year increase of 11.54%. The net profit was RMB1.044 billion (same period in 2013: RMB0.912 billion), representing a year-on-year increase of 14.47%. Among the revenue, the revenue from energy (natural gas) equipment business of CIMC Enric was RMB5.422 billion (same period in 2013: RMB5.372 million), representing a year-on-year increase of 0.93%; the revenue from chemical equipment business was RMB3.314 billion (same period in 2013: RMB3.093 billion), representing a year-on-year increase of 7.15%; and the revenue from liquid food equipment business was RMB2.462 billion (same period in 2013: RMB1.707 billion), representing a year-on-year increase of 44.23%.

## Chapter 4 Report of the Board

During the Reporting Period, CIMC Enric continued to focus on product development, among which, for the energy equipment business, extensive series of successful R&D projects have been carried out, and some of the newly developed products have been put on the market and brought contributions for sale proceeds include large-diameter and high-pressure cylinders and winding cylinders, Anjieyi LNG filling stations, CNG hydraulic sub-stations, integrated and skid-mounted CNG filling stations, and the development scope of which even extended to LNG marine equipment. For the chemical equipment business, CIMC Enric focused on the development of different types of tank containers to meet customers' needs, aiming to launch more types of special reefers and high-end tank container in China and the international markets. Within the year, CIMC Enric successfully developed the high-temperature and low heat leakage Widebody tank containers (gross weight: 39 tons), high-intensitive steel tank containers and the LNG tank containers targeting at international markets. As for the liquid food equipment business, the company was committed to the research and develop the turnkey system for brewery as requested. By virtue of the advanced brewing technology of Ziemann and the low production costs in China, the company also emphasized the development of brewing equipment specially designed for the Chinese market.

During the Reporting Period, CIMC Enric actively integrated its liquid food equipment business and the business's operating structure as well as assets purchased from Germany Ziemann group in 2012 to expand its business, thus providing processing equipment for beer makers and other liquid food manufacturers and offering clients comprehensive solutions for turnkey projects. Moreover, liquid food equipment business expanded its presence in the domestic market that is growing continuously by acquiring Holvrieka (China) Co., Ltd in Nantong City of Jiangsu Province in the second half of 2014. This acquisition will facilitate the introduction of advanced production techniques and automated processing technologies from Europe for relevant businesses.

### Offshore Engineering Business

We are one of the leading general manufacturers of high-end offshore engineering equipment in China and have been participating in the competitive international market of offshore engineering business all the time. Our main products include semi-submersible drilling platforms, jack-up drilling platforms, relevant auxiliary vessels for offshore engineering projects and mid-to-high-end yachts.

In 2014, the offshore engineering business segment recorded sales revenue of RMB11.865 billion (same period in 2013: RMB6.982 billion), representing a year-on-year increase of 69.94%. It recorded a net profit of RMB5 million (loss for the same period in 2013: RMB297 million), representing a year-on-year increase of 101.69%. The substantial growth in revenue and turnaround was mainly because: (1) We delivered one deepwater semi-submersible drilling platform and four jack-up drilling platforms; (2) As most projects under construction entered to middle or later stages compared with the same period last year, the revenue in 2014 was recognized by the construction progress; (3) Period expenses were effectively controlled, ensuring the realization of the annual objective for loss reversal; (4) The litigation and arbitration against Schahin Company in Brazil reached a comprehensive reconciliation and we signed a settlement agreement with Schahin Company. As at 5 March 2015, Yantai Raffles of the Group had recovered the remaining amount of debt, interest and legal costs under the settlement agreement, which had a positive impact on the financial position of the Company under the current year.

CIMC Raffles made significant breakthroughs in order delivery in 2014 by delivering one deepwater semi-submersible drilling platform and four jack-up drilling platforms. On 16 April and 10 May, it delivered 300-foot Gulf Driller I and Gulf Driller II jack-up drilling platforms to CNOOC. On 6 June 2014, it delivered New Victory 1 jack-up drilling platform that boasts the largest offshore drilling platform with the most advanced supporting facilities owned by Shengli Oilfield to Sinopec. On 13 August 2014, CIMC Raffles delivered 400-foot jack-up drilling platform to Coastal Contracts Bhd. On 19 November 2014, it delivered COSL Prospector, which cost only 35 months from design to delivery, making it the deepwater semi-submersible drilling platform with the shortest construction period in the industry since 2009 to COSL.

## Chapter 4 Report of the Board

During the Reporting Period, CIMC Raffles also made great progress in project development. On 28 February 2014, the construction of the second generation 7 ultra deepwater semi-submersible drilling unit built by CIMC Raffles for Frigstad kicked off, the largest and most advanced deepwater drilling rig with the strongest efficacy, representing the highest level of offshore engineering semi-submersible drilling platforms to date in terms of its design difficulty, technical parameters, and construction specifications. On 2 April 2014, CIMC Raffles started to build Taisun 200B gas compression jack-up unit for Coastal. CIMC Raffles owned complete intellectual property rights of this platform as it independently conducted the basic design, detailed design, construction design and construction of the platform. The platform was also the first manufacture-oriented jack-up platform constructed by CIMC Raffles. On 18 June 2014, CIMC Raffles began the construction of North Sea deepwater semi-submersible drilling platform Beacon Atlantic in Yantai, Shandong Province for Beacon, a Norwegian company, which is the six deepwater semi-submersible drilling platform built by CIMC Raffles for Norway North Sea.

In 2014, CIMC Raffles secured orders of 1.121 billion U.S. dollars, with orders of approximately 5 billion U.S. dollars at hand including 5 deep-water semi-submersible drilling platforms that accounted for 22% market share of deepwater semi-submersible drilling platforms under construction in the world. CIMC Raffles and Beacon Pacific Group Ltd, an oil service company, agreed on the contract and technical specifications for the building of Beacon Pacific as GM4-D No.3 semi-submersible drilling platform on 18 June 2014 and concluded the contract at the end of June. The contract took effect on 25 December 2014. On 19 November 2014, CIMC Raffles won a new order for a deepwater semisubmersible accommodation platform Pacific from C. Helios Limited. This platform designed by CIMC Raffles alone boasted the fourteenth deepwater semi-submersible drilling platform order secured by CIMC Raffles. On 23 December 2014, Sinopec signed a turnkey construction contract for a 300-foot jack-up drilling platform with CIMC Raffles, which was the second largest offshore drilling platform project managed by the two parties since they signed a strategic supplier cooperation agreement in 2012.

By the end of 2014, CIMC Raffles had orders for three semi-submersible drilling platforms in Norway North Sea (where three semi-submersible drilling platforms of CIMC Raffles are already in operation) markets among its orders in hand. CIMC Raffles has become the mainstream supplier for semi-submersible drilling platforms in the harsh operating environment of the North Sea of Europe. In the Brazilian market, SSCV1# & 2# platforms achieved an effective operation rate of 100% in November 2014 in Brazilian waters since its initial operation on 18 April 2014. The two platforms therefore surpassed other six accommodation platforms operating in Brazilian waters by a large margin, helping CIMC Raffles (designer and builder), CIMC Financial Leasing (ship owner), and OOS (management company) build a good brand image and reputation in the Brazilian market.

### Heavy Truck Business

The Group operates heavy truck business through C&C Trucks. In 2014, the Group conducted a capital increase to C&C Trucks and bought part of the equity of C&C Trucks held by the other shareholders, thus holding 66.24% equity of C&C Trucks (originally 45%) and realizing the holding of the C&C Trucks. The products of C&C Trucks are targeted at the mid-to-high-end international heavy truck market and high-end domestic heavy truck market. It established a product development strategy of "Leading Domestic Techniques, Following Foreign Techniques" and a development strategy of "Making High-end Products, Providing Quality Services, and Creating First-class Brands". Our main products include tractors, mixer trucks, dump trucks, granule tank trucks and LNG trucks. Plan to annually produce 30,000 complete heavy trucks and 50,000 engines.

## Chapter 4 Report of the Board

In 2014, China's economic structure experienced profound adjustment. Facing the great pressure from economy downturn, the large-scale downturn of real estate market and the sluggish growth of infrastructure investment, etc., the market demand for heavy trucks reduced, and the overall annual sales of domestic heavy-duty truck market (including complete heavy trucks, non-complete heavy trucks and semitrailer tractors, the same below) fell about 4.0%, down from 774,100 in 2013 to 742,600. On the other hand, more than 60% of cities implemented the National Stage IV Emission Standards of Vehicle Pollutants in advance, and the intensity in the phase out of obsolete yellow label vehicles and old vehicles increased significantly, especially in the Pearl River Delta, Yangtze River Delta and Beijing-Tianjin-Hebei Region. The implementation of environmental policy had certain promotion effect on the sales of LNG heavy trucks.

In 2014, C&C Trucks increased domestic sales and significantly increased overseas sales by focusing on products, areas, channel management, communication management and other marketing activities. C&C was consolidated in the Group's financial statements from August 2014. From August 2014 to the end of this year, the sales revenues of C&C Trucks was RMB1.059 billion, the net loss was RMB60 million.

In 2014, the product development of C&C Trucks focused on the lightweight U platform and V platform development, committing to covering international and domestic markets, and completing the development of 66 base models, including 24 LNG models. In the National Selection of Annual Truck in 2014, the U420 produced by C&C Trucks won the "Annual Tractor" award, and was awarded "Annual Fuel-efficient Tractor" with the oil consumption of 0.87L per ton-hundred kilometer; In the Annual Festival of Commercial Vehicle in 2014, the k-gold-edition model produced by C&C Trucks was elected as "Annual Fuel-efficient Heavy Truck in 2014". During the year, C&C Trucks completed the reorganization of Anhui Feicai (Group) Co., Ltd. and actively explored the integration cooperation with CIMC Vehicle, improving economies of scale by broadening the product line.

### Airport Facilities Equipment 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 2014, the Group completed the acquisition of Pteris, a listed company in Singapore. Pteris and Ziegler are consolidated in the Group's Financial statement. In 2014, the airport facilities business segment realised revenue of RMB2.727 billion, representing an increase of 207.09% as compared with RMB0.888 billion in the same period last year; its net profit was RMB87 million, representing a decrease of 25.00% as compared with RMB116 million in the same period last year. The reason for the decline of net profit is due to the loss from Pteris.

In 2014, China issued the "Guiding Opinions of the State Council on Innovating the Investment and Financing Mechanisms in Key Areas and Encouraging Social Investment" and many other policies, with the purpose to encourage investment from social capital in public infrastructure and obtain return therefrom, as well as clarify the risks which shall be borne by the government and enterprises at the policy level. These policy changes are in favor of the risk control over the Group's investment in garage.



## Chapter 4 Report of the Board

This year, there is no major change to the global competitive situation of airport boarding bridge business in general. CIMC Tianda and other two major competitors still occupy most of the market share in the industry. During the Reporting Period, the Group's airport facilities equipment business fulfilled its expected development plans: 1) For Airport Surface Equipment, we have strengthened the competitiveness of shuttle bus and platform vehicle in the airport segment, while still seeking opportunities to further improve the product line. 2) For fire rescue services, Albert Ziegler GmbH from Germany acquired in 2013 performed well in terms of business collaboration and cultural fusion after a year of consolidation. It has re-established a team targeting the domestic market, and got the domestic orders of 17 main firefighting trucks, thus achieving a major breakthrough in the Chinese market. Meanwhile, Ziegler has continued to strengthen the competitive advantages in the markets of Europe and the Middle East, in order to lay foundation for further development. 3) For automatic logistics systems, in August 2014, the airport segment completed a reverse takeover of Singapore Pteris, thus realizing the listing of CIMC Tianda. With rapid integration and collaboration, the operation and management of Pteris enjoyed significant improvement, the losses of the main body of the company originally listed in Singapore sharply reduced, and the consolidated statements reported profits. The integration of Pteris and its subsidiaries expanded the overall size of the logistics automation system business of the airport segment, and improved the product lines and technical strength.

In addition, in order to seize market opportunities created by the rapid growth of Chinese market, in 2014, based on the sound integration with Ziegler in the Group's airport segment, the Group signed an equity acquisition and asset injection agreement with China Fire Safety Enterprise Group Limited (a Hong Kong-listed company with Hong Kong stock code: 445, "CFSE") on February 27, 2015. Accordingly, the Group transferred 40% of the share of Ziegler to CFSE, and acquired 30% of the share of CFSE after it has been expanded as the consideration. With the execution of the agreement, the superior resources of Ziegler and CFSE may achieve mutual coordination and sharing under the unified deployment of such segment, thus forming stronger market competitiveness and laying a good foundation for fire rescue services to further expand in the Chinese market.

2015 is the year when the Group's airport segment entered a new phase of consolidation. Based on airport facilities equipment business, the airport segment will pursue full GSE coverage, as well as actively promote business integration and coordination at all levels around the two main development routes of urbanization and automation, and facilitate long-term development of business by optimizing the organizational structure.

### Logistics services business

The Group is committed to offering logistics solution for customers in different industries by utilising a series of logistics equipment and technology to continuously improve efficiency in the logistics industry. To further implement the strategic thinking of "manufacturing + services" and strengthen the degree of association of business and products from each line of business, the Group has adjusted the logistics services business, and the consolidated business lines of which include container services, integrated logistics, equipment logistics, project logistics and supply chain logistics; the business structure is divided into three levels, including basic services, solutions and information integration, among which, the container services constitute basic services, the integrated logistics, equipment logistics and project logistics represent solutions, and the supply chain logistics is relating to information integration. Taking advantages of the integration of logistics equipment and logistics services, the logistics services business of the Group will fix professional logistics as a starting point to implement multimodal transport system and integrate advantageous resources to develop cross-border logistics business, thus providing customers with valuable and integrated logistics solutions.

In 2014, the Group realised sales revenue of RMB8.473 billion from the logistics services segment, representing an increase of 36.31% as compared with the corresponding period of the previous year (RMB6.216 billion); its net profit was RMB0.138 billion, representing a decrease of 22.91% as compared with the corresponding period of the previous year (RMB0.179 billion).

## Chapter 4 Report of the Board

This year, through multiple business integration, the Group has accelerated the pace of expansion in logistics services business.

- In respect of project logistics business: In order to grasp core resources, improve the competitiveness of project logistics business, and further march towards into maritime heavy transport market under the collaboration with the Group's offshore engineering, in 2014, CIMC Modern Logistics and Shanghai Zhenhua Heavy Industries Co., Ltd ("Zhenhua Heavy Industries") set up a joint venture to purchase two semi-submersible vessels (including 30% of the share from CIMC Modern Logistics) constructed by CIMC Raffles. The semi-submersible vessel operating company jointly set up by Zhenhua Logistics under the Group, Zhenhua Heavy Industries and RedBox (including 16.5% of the share from Zhenhua Logistics) is responsible for participating in the bidding for maritime heavy transport market on a global scale, and providing guarantees for the operation of the two semi-submersible vessels and other owned and leased vessels. In December 2014, the Group acquired 50% of the share of the Sino-Worlink (Beijing) International Logistics Co., Ltd. ("SWL") by signing a share transfer agreement, so as to develop into a general contractor of overseas project logistics, and provide package arrangement for overseas customers regarding logistics.
- In respect of integrated logistics business: To play the Group's advantages regarding equipment for deepening industry solutions, and promote the establishment of intermodal system and the implementation of cold chain ecosystem concept, in February 2014, Zhenhua Logistics and Beijing Sanyuan Breeding Technology Co., Ltd jointly established Tianjin Capital Agribusiness East Port Animal Husbandry Co., Ltd. (with 40% of the share being occupied by Zhenhua Logistics), which will replace the traditional grain silo with container, and thus to achieve standardization of logistics in the whole process of trade, procurement, production, processing, storage, distribution and turnover. In May 2014, CIMC Modern Logistics, Beijing Capital Agribusiness Food Management Center, Tianjin East Port Free Trade Zone International Trade Services Ltd. and Beijing Imported Fruit Enterprises Union jointly established Tianjin Capital Agribusiness Food Import & Export Co., Ltd. (with 20% of the share being occupied by Zhenhua Logistics), and thus to create a cold chain ecosystem regarding food import and export with the combination of customs clearance services, bonded warehousing, import distribution, logistics and delivery services.
- In respect of supply chain logistics business: To deepen the strategic cooperation with Qingdao Port International Co., LTD for further utilization of the resource capacity of Port of Qingdao (especially the rich customer resources and soft and hard power of the port) and build core competitiveness with the integration of industry and finance, in September 2014, Zhenhua Logistics and Qingdao Port International Co., LTD jointly established Qingdao Port International Trade Logistics Limited (with 40% of the share being occupied by Zhenhua Logistics), focusing on supply chain finance logistics business, in order to combine their advantages in capital, operational capabilities, client resources and storage capacity to finally form leading superiority of supply chain finance logistics in areas of Port of Qingdao.

The implementation of the projects above has effectively promoted the development of relevant business, the Group's advantage in "equipment + service" will be further utilized in the future to enhance the service ability regarding integrated logistics solutions.

## Chapter 4 Report of the Board

### Real estate development business

In 2014, as the continuous exit of Chinese administrative regulatory policy, the regulation on real estate is changed from administrative level to market-driven level. Chinese real estate market is returning to the range of normal operation, but still keep operating at the top of the market. During the Reporting Period, the Group realised revenue of RMB1.136 billion from the real estate development segment, representing a decrease of 14.33% as compared with the corresponding period of the previous year (RMB1.326 billion); its net profit was RMB0.204 billion, representing an increase of 29.94% as compared with the corresponding period of the previous year (RMB0.157 billion).

After several years of research, exploration and practice, the Group made a major breakthrough in the industrial real estate project. The first industrial real estate of the Group-CIMC Zhigu is under formal development and construction, with the investment operation center having been put into use and the park operation platform having been initially set up, which are highly concerned by the inside and outside of the Group. By virtue of the innovation and practice of CIMC Zhigu project, the CIMC Real Estate initially established a new model of industrial real estate, forming a development pattern of developing industrial and traditional real estate simultaneously. In addition, based on the innovative land operation models featuring “Industry-driven” and “Integration of Investment”, it has vigorously promoted the efficient use of land resources owned by the Group in regions such as Shenzhen Qianhai and Shanghai Baoshan.

Since the beginning of 2015, the Chinese economy has entered into a “New Normal”, and the status of real estate market has changed from rapid growth to steady growth. To continue to strengthen the de-administration efforts for real estate regulation and to let the market play a decisive role in the allocation of resources will be, on the whole, beneficial to the stable and healthy development of the industry. With the narrowing of overall profit margin of the industry, it raised higher requirements of real estate enterprises’ ability of “business decision-making, capital management, cost control and high-turnover”. The real estate industry is gradually entering into the “quality- and difference-oriented” competition-based development stage, and ushering the era which greatly honors the survival of the fittest and merger integration.

### 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 business and enhance the efficiency and effectiveness of its internal capital utilization. The main operating subsidiaries consist of CIMC Financial Leasing Company, CIMC Finance Company Ltd and Shenzhen Sky Capital Co., Ltd. As the investment subject of the Group’s industrial fund, Shenzhen Sky Capital Co., Ltd. will commit to close cooperation with the Group’s various business segments, providing quality post-investment management and services for the portfolio companies, and playing a role in further promoting and developing the industry-finance coordination. In 2014, the Group realised revenue of RMB1.581 billion from the financial business segment, representing an increase of 80.27% as compared with the corresponding period of the previous year (RMB0.877 billion); its net profit was RMB0.559 billion, representing an increase of 29.70% as compared with the corresponding period of the previous year (RMB0.431 billion).

## Chapter 4 Report of the Board

Over the past five years, CIMC Financial Leasing Company has maintained sustained rapid growth, achieving a better return on investment and economic benefit; the CAGR (compound average growth rate) of new business volume is 28.4% in these five years, and in the same period, the CAGR of net profit is 59.2% and the ROE is 45.2%. CIMC Financial Leasing won two awards of “Annual Financial Leasing Company in China” and “China Financial Lease Innovation Award” in 2014. In 2014, CIMC Financial Leasing followed the three dimensions of “breadth, depth and mechanism” to further enhance the integration of industry and finance. With “equipment + finance” as the push power, it introduced innovative business models to boost the restructuring and upgrading of the Group and relevant industry segment. During the Reporting Period, CIMC Financial Leasing made successful delivery and leasing of four CMA9200TEU large container ships, representing the perfect implementation of innovative business models which integrate “Design in China + Made in China + Chinese capital”. Meanwhile, the SSCV semi-submersible crane platform successfully arrived in Brazil to be delivered and leased to Petrobras, marking an important breakthrough of CIMC offshore engineering in relevant market of Brazil. In addition, to further deepen the integration with other industry segments, it worked with CIMC Enric and CIMC TianYi and completed the development of an innovative business model which combines “production, finance and investment”, thus boosting the general contracting business development of CIMC Enric.

In 2014, CIMC Finance Company Ltd. thoroughly implemented the strategic plan of integrating industry and finance, and finally enhanced the Group’s overall industry competitiveness by strengthening centralized fund management and expanding supply chain finance services. CIMC Finance Company Ltd. continued to promote centralized fund management. On the basis of expanding the breadth and depth of centralized domestic funds, CIMC Finance Company Ltd. worked with the Group to implement the interconnection and interworking of cross-border funds and overseas capital pool business, and coordinate the management of global funds. Further, by taking full use of financial instruments, it performed well in liquidity management together with the Group and achieved the control target regarding currency funds, thus further reducing the Group’s financial costs and liquidity risks, increasing the Group’s efficiency and effectiveness in capital operations. CIMC Finance Company Ltd. integrated the Group’s industry chain resources and greatly expanded the supply chain finance. During the Reporting Period, the supply chain finance business of CIMC Finance Company Ltd. maintained a rapid growth momentum, the business scale of which increased exponentially. The financial products and services were extended to customers of the Group’s industrial chain, thus opening up the win-win channel of the Group, featuring the integration of industry and finance.

### Review and summary for the progress of development strategy and business plan disclosed at earlier stage

- Container manufacturing business: In 2014, the Company optimized adjustment on organizational structure; the operations and management focused more on businesses and customers, shortening the management chain. In the context of the slow overall industry recovery, the Group strengthened the rapid response in the full supply chain to orders and changes in the market for container business, thus making the Group’s container market share remain stable; it also strengthened the cost management of all processes to enhance the cost competitiveness of the Group’s container products. During the Reporting Period, the Group optimized and adjusted the capacity layout of dry container business in Eastern China. The investment projects in Fenggang of Dongguan City in South China were working in an orderly way, while other relocation or new projects (such as Taicang cold container project and Qingdao cold chain industry park project) have been put into production one after another. Besides, the annual investment in technological upgrading project also achieved an implementation rate of above 80%.

## Chapter 4 Report of the Board

- Road transportation vehicle business: In 2014, the Group continued to implement the strategy of “Prudent Management”, and further defined the principal management responsibilities to improve management efficiency; it also further optimized the existing sales system to enhance the efficiency of its marketing system. During the Reporting Period, the Group’s share of vehicle business in domestic market has increased steadily, besides, it not only achieved a great year-on-year growth in sales in the North American market, but also made a large breakthrough in the development of key emerging markets. In terms of its European business, it planned to redesign the vehicle business in the European market. The Group has started the research relating to the third generation semi-trailer platform in China, building a new technology platform covering seven vehicle types (such as skeleton trucks, tailgate trucks and flatbed trucks) by stages in China; the Group’s advanced city dumper truck development project for Chinese market has achieved mass production and is well received by the market; it has started the advanced research of flatbed trucks in the North American market; it continued to advance the investment and construction of Shaanxi CIMC Vehicle Park and Shenyang CIMC Vehicle Park.
- Energy, chemical, liquid food equipment and service business: The Company continued to consolidate and strengthen the existing mature products while promoting the production of star products and developing seed products; it advanced global market expansion and focused on expansion in North American and Russian markets; it strengthened technological research and development to enhance the overall technological level; in addition to developing strategic planning, it also conducted forward-looking studies on energy equipment and engineering in order to grasp potential opportunities for development. Through content optimization and collaborative sharing, the Company made significant achievements in manufacturing capacity, supply chain management and labor capacity.
- Offshore engineering business: In 2014, the Company urged improvement on technology and production management. The Company pushed forward the level of standardization and serialization of projects, having optimized the standardized design of 300-foot jack-up drilling platforms; after basically completing the layout of “three bases and one institute”, it achieved a production capacity of an annual delivery of “six semi-submersible drilling platforms + four jack-up drilling platforms”; after establishing the joint-ventured Tiezhongbao Company with Nippon Steel and Baosteel, it strengthened the supporting capacity of the core equipment, enhanced the right of choice on key parts of jack-up platforms; for product design and R&D, it owned 80% proprietary intellectual property rights of “Weijinglong” semi-submersible drilling platform, and 100% proprietary intellectual property rights of Gas Plant gas processing platform and SSCV crane accommodation platform, and it also launched economical deepwater drilling platforms; it consolidated the ONE model and system management, improved the Company’s basic management in various respects, and led all employees to bring their subjective initiative into play to reduce costs and increase efficiency through innovations and improvements.

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

## Chapter 4 Report of the Board

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

#### 1. Income

In 2014, the Company's revenue reached RMB70.071 billion, representing an increase of 21.07% from RMB57.874 billion for 2013, and the net profits attributable to shareholders of the parent company amounted to RMB2.478 billion, representing an increase of 13.64% from RMB2.18 billion for 2013. The basic earnings per share amounted to RMB0.93.

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

Yes  No

Industry classification	Item	2014	2013	Year-on-year change (%)
Container	Sales volume			
	Dry container ('0000 TEU)	138.53	108.83	27.29%
	Reefer ('0000 TEU)	12.88	11.96	7.69%
	Special container ('0000 units)	6.95	6.39	8.76%
Road transportation vehicles	Sales volume ('0000 units)	11.52	10.48	9.92%
Offshore engineering business	Sales volume			
	Semi-submersible drilling platform (unit)	1	2	(50)%
	Jack-up drilling platform (unit)	3	4	(25)%
	Production output			
	Semi-submersible drilling platform (unit)	4	3	33%
	Jack-up drilling platform (unit)	6	6	-

Reasons for relevant data changes by over 30% on a year-on-year basis

Applicable  Not applicable

In 2014, the production quantity of semi-submersible drilling platform of the offshore engineering business segment has increased, while the number of actual deliveries decreased.

The Company's major orders in hand

Applicable  Not Applicable

Major changes or adjustments of the Company's products or service during the Reporting Period

Applicable  Not Applicable



## Chapter 4 Report of the Board

### Major sales clients of the Company

Total sales amount of the top five clients (RMB'000)	7,844,687
% of total sales of the top five clients to the annual total sales	11.20%

### Information of the top five clients of the Company

Applicable  Not applicable

No.	Name of clients	Sales volume (RMB'000)	% of annual total sales volume
1	Orient Overseas Container Line Ltd.	2,051,831	2.93%
2	TAL International Container Corporation	1,963,490	2.80%
3	Evergreen Marine Corp.	1,309,755	1.87%
4	CMA CGM S.A	1,260,090	1.80%
5	SeaCube Containers LLC.	1,259,521	1.80%
Total		7,844,687	11.20%

## 2. Cost of Sales

### Industry classification

Unit: RMB'000

Industry classification	Item	2014		2013		Year-on-year change (%)
		Amount	% of total cost of sales	Amount	% of total cost of sales	
Container	Direct materials	17,176,146	82.81%	15,850,452	86.75%	8.36%
Road transportation vehicles	Direct materials	9,065,116	82.07%	7,536,974	66.69%	20.28%
Offshore engineering	Equipment	2,847,864	25.14%	2,582,384	37.57%	10.28%

### Product classification

Unit: RMB'000

Product classification	Item	2014		2013		Year-on-year change (%)
		Amount	% of total cost of sales	Amount	% of total cost of sales	
Container	Direct materials	17,176,146	82.81%	15,850,452	86.75%	8.36%
Road transportation vehicles	Direct materials	9,065,116	82.07%	7,536,974	66.69%	20.28%
Offshore engineering	Equipment	2,847,864	25.14%	2,582,384	37.57%	10.28%

## Chapter 4 Report of the Board

### Information of the major suppliers of the Company

Total purchase amount of the top five suppliers (RMB'000)	6,478,846
% of the total purchase amount of the top five suppliers in the annual total purchase amount	19.27%

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

Applicable     Not applicable

No.	Name of supplier	Purchasing amount (RMB'000)	% of the annual total purchasing amount
1	National oilwell Varco Norway AS	2,702,383	8.04%
2	Wuhan Iron and Steel Company Limited	1,086,691	3.23%
3	Angang Steel Company Limited	1,084,891	3.22%
4	Shougang Jingtang United Iron & Steel Co., Ltd.	863,055	2.57%
5	Shougang Qian'an Iron & Steel Co.	741,826	2.21%
Total		6,478,846	19.27%

## 3. Major Components of Expenses

Unit: RMB'000

Item	2014	2013	Year-on-year change (%)
Sales expenses	2,348,229	1,832,733	28.13%
Finance expenses	519,187	438,992	18.27%
Management expenses	4,656,475	4,041,552	15.22%
Income tax expense	536,488	928,222	(42.20)%

## 4. R&D Expenditure

The Company formulates medium-term and long-term development strategies to optimize its technology R&D system and platform, to accelerate product and technology R&D as well as the upgrade and replacement of existing products; adheres to the core value of "Innovation", promotes R&D of new products, new technologies new processes and equipment; and reinforces intellectual property rights protection.

The technical centre of the Group is a national enterprise technology centre. The Group also set up 26 group technical centres for different major business segments, including 5 research institutes and 21 technical branch centres. Relying on the strong R&D organizations, the Group transforms the leading technologies into the competitive advantages and commercial success of the clients. The Group filed 427 patent applications in 2014.

The total expenditure of R&D this year was RMB591.756 million, accounting for 2.17% of the net assets as at 31 December 2014, and 0.84% of the revenue in 2014.

## Chapter 4 Report of the Board

## 5. Cash Flow

Unit: RMB'000

Item	2014	2013	Year-on-year change (%)
Subtotal of cash flow of operating activities	75,072,548	60,680,452	23.72%
Subtotal of cash outflow of operating activities	68,638,071	57,930,526	18.48%
Net cash flows from operating activities	6,434,477	2,749,926	133.99%
Subtotal of cash flow of investing activities	1,876,211	1,445,316	29.81%
Subtotal of cash outflow of investing activities	13,429,993	7,949,775	68.94%
Net cash flows from investing activities	(11,553,782)	(6,504,459)	(77.63)%
Subtotal of cash inflow of financing activities	33,460,721	22,145,914	51.09%
Subtotal of cash outflow of financing activities	29,519,735	18,512,977	59.45%
Net value of cash flow generated by financing activities	3,940,986	3,632,937	8.48%
Effect of changes in foreign exchange rate on cash and cash equivalents	(67,926)	(94,420)	(28.06)%
Net change of cash and cash equivalent	(1,246,245)	(216,016)	(476.92)%

Reasons for relevant data changes by over 30% on a year-on-year basis

✓ Applicable    □ Not applicable

Item	Change (%)	Reasons
Net cash flows from operating activities	133.99%	Mainly due to an increase of returned money from operating activities during the Reporting Period
Net cash flows from investing activities	(77.63)%	Mainly due to an increase of payments for purchase and construction of fixed assets, intangible assets and other long-term assets during the Reporting Period.

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

□ Applicable    ✓ Not Applicable

## Chapter 4 Report of the Board

### 6. Composition of Principle Business

Unit: RMB'000

	2014			Year-on-year change in revenue (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross profit margin (%)
	Revenue	Cost of sales	Gross rate (%)			
<b>By industry</b>						
Container	23,812,806	20,741,465	12.90%	11.76%	13.51%	(1.34)%
Road transportation vehicles	13,390,122	11,045,862	17.51%	0.42%	(2.26)%	2.26%
Energy, chemicals, liquid food equipment	12,915,655	10,367,204	19.73%	11.53%	12.66%	(0.80)%
Offshore engineering	11,864,625	11,326,453	4.54%	69.92%	64.77%	2.99%
Airport equipment	2,726,946	2,141,909	21.45%	207.18%	251.47%	(9.90)%
Logistics services	8,473,042	7,640,270	9.83%	36.31%	41.04%	(3.02)%
Financial business	1,581,026	1,000,323	36.73%	80.36%	208.74%	(26.31)%
Real estate	1,136,070	685,215	39.69%	(14.31)%	(2.07)%	(7.53)%
Heavy trucks	1,059,081	1,027,908	2.94%	-	-	-
Others	1,202,744	1,048,736	12.80%	449.28%	287.05%	36.54%
Combined offset	(8,091,262)	(8,256,322)	-	-	-	-
<b>By product</b>						
Container	23,812,806	20,741,465	12.90%	11.76%	13.51%	(1.34)%
Road transportation vehicles	13,390,122	11,045,862	17.51%	0.42%	(2.26)%	2.26%
Energy, chemicals, liquid food equipment	12,915,655	10,367,204	19.73%	11.53%	12.66%	(0.80)%
Offshore engineering	11,864,625	11,326,453	4.54%	69.92%	64.77%	2.99%
Airport equipment	2,726,946	2,141,909	21.45%	207.18%	251.47%	(9.90)%
Logistics services	8,473,042	7,640,270	9.83%	36.31%	41.04%	(3.02)%
Financial business	1,581,026	1,000,323	36.73%	80.36%	208.74%	(26.31)%
Real estate	1,136,070	685,215	39.69%	(14.31)%	(2.07)%	(7.53)%
Heavy trucks	1,059,081	1,027,908	2.94%	-	-	-
Others	1,202,744	1,048,736	12.80%	449.28%	287.05%	36.54%
Combined offset	(8,091,262)	(8,256,322)	-	-	-	-
<b>By region (by receivers)</b>						
China	29,772,543	-	-	43.70%	-	-
America	12,976,043	-	-	15.37%	-	-
Europe	11,664,021	-	-	(16.41)%	-	-
Asia (excluding China)	13,457,342	-	-	54.36%	-	-
Others	2,200,906	-	-	(31.99)%	-	-

The key operation data on the Company's principle business for the past year collected by using the modified statistical method which adopted during the Reporting Period

Applicable     Not applicable

## Chapter 4 Report of the Board

## 7. Analysis of Assets and Liabilities

## (1) Significant changes in assets items

Unit: RMB'000

	As at the end of 2014		As at the end of 2013		Amount change	% change	Reasons for the material changes
	Amount	% of total assets	Amount	% of total assets			
<b>Current Assets:</b>							
Prepayments	5,223,351	5.95%	3,393,804	4.67%	1,829,547	54%	Mainly the prepayments for purchases of machines and equipment for more new orders received for offshore engineering segment.
Non-current assets due within one year	2,388,975	2.72%	1,513,337	2.08%	875,638	58%	Mainly due to an increase in the amount of long-term financing leasing outlay due within one year.
<b>Non-current Assets:</b>							
Fixed assets	19,051,137	21.70%	13,508,082	18.60%	5,543,055	41%	Mainly due to an increase in the completion and transfer of construction in progress for offshore engineering segment.
Construction in progress	10,460,940	11.92%	6,684,619	9.21%	3,776,321	56%	Mainly the new shipping projects in progress this year.
Long-term deferred expenses	194,163	0.22%	96,075	0.13%	98,088	102%	The increase in the long-term deferred expenses in 2014 is mainly caused by the increase of tooling improvement projects.
Deferred tax assets	1,117,744	1.27%	856,406	1.18%	261,338	31%	The increase in the deferred tax assets is mainly caused by the increase in deductible loss of the year.

## Chapter 4 Report of the Board

### (2) Significant changes in liabilities items

Unit: RMB'000

	As at 31 December 2014		As at 31 December 2013		Amount change	% change	Reasons for the material changes
	Amount	% of total assets	Amount	% of total assets			
<b>Current Liabilities:</b>							
Short-term borrowings	11,239,527	12.80%	7,244,780	9.98%	3,994,747	55%	Mainly due to the financing needs for working capital.
Financial liabilities at fair value through profit or loss – current liabilities	103,657	0.12%	1,297	0.00%	102,360	7,892%	Mainly due to the changes in fair value caused by forward foreign exchange contracts.
Notes payable	1,684,016	1.92%	1,173,361	1.62%	510,655	44%	The increase in the notes payable is mainly caused by the consolidation of C&C Trucks into the accounts of the Company this year.
Accounts payable	11,364,903	12.95%	7,781,645	10.72%	3,583,258	46%	Mainly due to the increased material procurement funds payable for offshore engineering segment.
Dividends payable	47,973	0.05%	197,897	0.27%	(149,924)	(76)%	Mainly due to the decrease in the dividends payable to minority shareholders of subsidiaries this year.
Non-current liabilities due within one year	4,052,854	4.62%	2,458,775	3.39%	1,594,079	65%	Mainly due to the transfer of the debentures payable due within one year.
<b>Non-current Liabilities:</b>							
Financial liabilities at fair value through profit or loss – non-current liabilities	73,884	0.08%	27,166	0.04%	46,718	172%	Mainly due to the changes in fair value caused by forward foreign exchange contracts and accumulator contracts.
Long-term borrowings	11,110,296	12.66%	7,761,243	10.69%	3,349,053	43%	Mainly due to the financing needs for working capital.
Debentures payable	4,455,080	5.08%	6,450,730	8.88%	(1,995,650)	(31)%	Mainly due to the transfer of the debentures payable of the year due within one year.
Long-term payables	672,562	0.77%	242,992	0.33%	429,570	177%	Mainly due to the long-term financing leasing outlay payable by C&C Trucks to be consolidated into the accounts of the Company this year.
Deferred tax liabilities	369,599	0.42%	661,200	0.91%	(291,601)	(44)%	Mainly due to the reversal withholding tax of the overseas enterprises which have been identified as Chinese resident enterprises.



## Chapter 4 Report of the Board

## (3) Assets and liabilities measured at fair value

Unit: RMB'000

Item	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 in the reporting period (excluding financial derivatives)	319,605	874	-	-	-	-	403,709
2. Financial derivatives	133,068	(109,393)	-	-	-	-	22,741
3. Financial assets available for sales	7,342	-	1,932	-	-	-	6,514
4. Hedging instruments	7,940	-	(3,566)	-	-	-	1,219
Total financial assets	467,955	(108,519)	(1,634)	-	-	-	434,183
Financial liabilities	(28,463)	(120,206)	-	-	-	-	(177,541)
Total	439,492	(228,725)	(1,634)	-	-	-	256,642

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

 Yes  No

## (4) Main overseas assets

 Applicable  Not applicable

## Chapter 4 Report of the Board

### 8. Analysis of core competitive Advantages

#### A development strategy focusing on core businesses to accelerate industrial upgrades

In recent years, 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 Group 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 Group 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 Group’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 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 main business segments, aiming to capitalize on local strengths and integrate global resources to establish a new business ecosystem.

## Chapter 4 Report of the Board

### Technological research and development capabilities

The Group 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

Company name	Principal activities	Major investees				Change (%)
		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)		
Brigantine Services Limited	Container Service	70%	132,500	-	Not Applicable	
Brigantine International Holdings Limited	Container Service	70%	50,000	-	Not Applicable	
C&C Trucks Co., Ltd.	Heavy Trucks, etc	66.24%	500,000	-	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	Available-for-sale financial assets	Corporate shares
Total		8,125	-	-	-	-	8,125	-	-	-

## Chapter 4 Report of the Board

### 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 Reporting Period (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Classification in accounting	Source of shareholding
A share	600030	Citic Securities	14,717	-	-	950,000	0.01%	32,205	17,488	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	600837	Haitong Securities	20,275	-	-	1,650,000	0.02%	39,699	19,424	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	601668	CSCEC	34,352	-	-	6,230,000	0.02%	45,354	11,002	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	000776	GF Securities	15,840	-	-	888,000	0.02%	23,044	7,204	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	000783	Changjiang Securities	20,785	-	-	2,498,010	0.05%	42,017	21,232	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	002024	Suning Appliance	146,808	18,779,013	-	5,800,000	0.08%	52,200	(41,491)	Financial assets at fair value through profit or loss	Buy in the secondary market
A share	002736	Guosen Securities	3	-	-	500	-	5	2	Financial assets at fair value through profit or loss	Buy in the secondary market
H share	06198	Qingdao Port	185,314	-	-	61,851,000	1.29%	163,947	(21,367)	Financial assets at fair value through profit or loss	Buy in the secondary market
H share	00368	Sinotrans Shipping H	20,076	2,996,500	0.08%	2,996,500	0.08%	4,373	(2,294)	Financial assets at fair value through profit or loss	Buy in the secondary market
Other security investments held at the end of the Reporting Period			-	-	-	-	-	865	-	-	-
Profit or loss from securities investment sold during the Reporting period			-	-	-	-	-	-	77,796	-	-
Total			458,170	21,775,513	-	82,864,010	-	403,709	88,996	-	-

## Chapter 4 Report of the Board

### 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 Amount	Number of shares held (Thousand 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 accounting	Source of shareholding
Australian Stock Exchange: OEL	Otto Energy	13,480	14,000	1.19	6,514	-	(828)	Available-for-sale financial assets	Stock acquisition
Hong Kong Stock Exchange: 206	TSC Offshore Group Limited	167,591	92,828	13.43	186,893	10,051	-	Long-term equity investment	Stock acquisition

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

##### 1) Entrusted wealth management

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

## Chapter 4 Report of the Board

### 2) 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 to net assets of the Company at the end of the reporting period (%)	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	None	No	Forward exchange contract	-	2015/1/5	2016/12/12	11,881,745	-	15,811,059	70.93%	(208,792)
HSBC, Standard Chartered and other banks	None	No	Currency accumulator contract	-	2015/1/5	2016/11/28	-	-	2,803,346	12.58%	(15,249)
China Construction Bank	None	No	Interest rate swap contract	-	2009/12/28	2018/12/29	666,437	-	668,957	3.00%	(5,558)
<b>Total</b>				-	--	--	12,548,182	-	19,283,362	86.51%	(229,599)

Source of funds for derivative investments

Equity fund

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 of 31 December 2014, the derivative financial instruments held by the Group were mainly foreign exchange forwards, foreign currency options and interest rate swap contracts. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried by foreign exchange forwards and foreign currency options were connected with the market risks relating to exchange rate and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control on the derivative financial instruments was mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as to derivatives transactions, the Group developed rigorous internal approval system and operational processes, and clarified the approval and authorization procedures for all levels involved, so as 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

From January to December 2014, the Group's profit or loss arising from changes in fair value of the derivative financial instruments was RMB(229,599). The fair value of the derivative financial instruments of the Group was determined based on the market price of 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

None

Specific opinions of independent Directors on the derivatives investment and risk control of the Company

In accordance with "Basic Norms for Enterprise Internal Control", "Application Guidelines for Enterprise Internal Controls" and "Enterprise Internal Controls Assessment Guidelines", and other relevant laws and regulations, the Company has established a sound internal control system and put it into effective implementation. Therefore, the risks faced by the Company regarding derivatives investment is controllable.



## Chapter 4 Report of the Board

## 3) Entrustment Loans

Unit: RMB'000

Borrower	Related party or not	Amount	Interest rate	Guarantor or collaterals	Intended purpose of loans
Xiamen Xinshuangrong Automobile Driving Training Limited	No	3,618	21.00%	Pledge of share options/pledge of house property/corporate guarantee	Driver training site construction and purchase of training vehicles
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	56,339	14.17%-15.3%	Ship mortgage/corporate guarantee	Payment of ship lease accounts, cargo agency fees and freight, etc.
Xiamen Hongxin International Logistics Co., Ltd.	No	14,781	8.75%	Corporate guarantee	Payment of logistics fees
Xiamen Yingzhong Fuhai Automobiles Limited	No	23,222	7.70%	Corporate guarantee	Procurement of vehicles
Shenzhen Pengsangpu Energy Services Co., Ltd.	No	6,059	9.00%	Equipment mortgage/corporate guarantee	Procurement of solar equipment
Shishi Jiahua Shipping Limited	No	16,313	16.19%	Ship mortgage/corporate guarantee	Procurement of fuel oil and other daily operating turnover
Fujian Tianlong Steamship Limited	No	63,130	10.56%	Ship mortgage/corporate guarantee	Procurement of ship and fuel oil, etc.
Xiamen Zhiyuan Automobile Limited	No	45,833	7.80%	Corporate guarantee	Procurement of vehicles
<b>Total</b>	<b>-</b>	<b>229,295</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Chapter 4 Report of the Board

### (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 Report of the Board” 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 “Chapter 13 Financial Statements Prepared in Accordance with CASBE” as set out in this Report.

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

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
Brigantine International Holdings Limited	Expected to improve the Group’s competitive advantage in logistics services industry	Business merger	Increase the Group’s revenue and profit
Brigantine Services Limited	Expected to improve the Group’s competitive advantage in logistics services industry	Business merger	Increase the Group’s revenue and profit
C&C Trucks Co., Ltd.	Expected to improve the Group’s competitive advantage in heavy truck industry	Business merger	Expand the Group’s income scale
Pteris Global Limited	Expand the Group’s product line of airport equipment	Business merger	Increase the Group’s revenue and profit

## Chapter 4 Report of the Board

## (4) Major projects invested by non-raised capital fund

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	Project Progress	Project gains
Acquire Brigantine Services Limited	50,000	50,000	50,000	100%	–
Acquire Brigantine International Holdings Limited	132,500	132,500	132,500	100%	–
Acquire C&C Trucks Co., Ltd.	898,977	500,000	898,977	100%	–
Establish CIMC Qianhai Finance Lease (Shenzhen) Co., Ltd.	80,000	80,000	80,000	100%	–
Establish CIMC Modern Logistics	700,000	500,000	500,000	71%	–
Increase capital of CIMC Containers Holding Co., Ltd.	979,000	979,000	979,000	100%	–
Increase capital of CIMC Raffles Offshore Limited	614,500	614,500	614,500	100%	–
Increase capital of CIMC Cold Chain Investment Limited	629,000	629,000	629,000	100%	–
Increase capital of Qingdao CIMC Special Reefer Co., Ltd.	170,000	170,000	170,000	100%	–
<b>Total</b>	<b>4,253,977</b>	<b>3,655,000</b>	<b>4,053,977</b>	<b>–</b>	<b>–</b>

**10. Forecast on the operating results for the period from January to March, 2015**

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 a significant change compared to the corresponding period of the previous year

Applicable  Not Applicable

## Chapter 4 Report of the Board

### 11. 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 application guidelines for Seven Q&As Documents on Auditing Standards in the third quarter of 2014, among which only the Revision to Enterprise Accounting Standards No.30 – Presentation of Financial Statements applies to the Company's statements, and the influences of the application guidelines to Reporting Category are shown as follows:

- (1) The "other comprehensive income" that was originally included in "capital reserve" shall be presented separately under stakeholders' interests in the balance sheet, and retroactive adjustments shall be carried out while comparing the "capital reserve" and "other comprehensive income" under stakeholders' interests in the financial statements. Retroactive adjustments are as follows by classification:

In terms of the stakeholders' interests as at 31 December 2013, the "capital reserve" was reduced by RMB55.872 million, and the "converted difference in foreign currency statements" was increased by RMB716.660 million, and the "other comprehensive income" was reduced by RMB660.788 million.

In terms of the stakeholders' interests as at 1 January 2013, the "capital reserve" was reduced by RMB459.642 million, and the "converted difference in foreign currency statements" was increased by RMB532.333 million, and the "other comprehensive income" was reduced by RMB72.691 million.

- (2) The deferred income originally included in "other non-current liabilities" and "other current liabilities" shall be presented separately under liabilities in the balance sheet, and retroactive adjustments shall be carried out while comparing the other non-current liabilities and deferred income under liabilities in the financial statements. Retroactive adjustments are as follows by classification:

In terms of non-current liabilities as at 31 December 2013, the "other non-current liabilities" were reduced by RMB386.429 million while the "deferred income" was increased by the same amount.

And the same went for the non-current liabilities as at 1 January 2013 except for the amount as RMB348.630 million.

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

There was no retrospective restatement for adjustment of significant accounting errors occurred during the Reporting Period.

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

Please refer to note IV to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" as set out in this Report for enterprise merger and newly set up companies.

## Chapter 4 Report of the Board

### 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 of the Company's plan for profit distribution and 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 minority 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 Company's 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 for the year of 2014: based on the total share capital of the Company as at the dividend payment record date for the year of 2014, we distributed RMB3.10 in cash (including tax) for every 10 shares. For illustration only, if calculated based on the total share capital of 2,672,628,551 shares of the Company as at 31 December 2014, it is expected that a total dividend of RMB828,514,000 will be distributed. The proposed dividend is expected to be payable on or around 22 July 2015. The annual dividend-distribution plan for 2014 shall be submitted to the Company's annual general meeting for consideration and approval.
- The dividend payment plan for the year of 2013: based on the total share capital of the Company as at the date of dividend payment record for 2013, we distributed RMB2.70 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB720,037,000.
- The dividend payment plan for the year of 2012: based on the total share capital of the Company as at the date of dividend payment record in 2012, we distributed RMB2.30 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB612,351,000.

## Chapter 4 Report of the Board

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
2014 (Proposal)	828,514	2,477,802	33.44%
2013	720,037	2,180,321	33.03%
2012	612,351	1,939,081	31.58%

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 the 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.



## Chapter 4 Report of the Board

### 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)	2,672,628,551
Total cash dividend (RMB) (including tax)	828,514
Distributable profit (RMB)	1,594,245
% 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 2014 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.31 per share (including applicable taxes) for the year of 2014. The final dividend of 2014 is subject to shareholders' approval at the annual general meeting for the year of 2014.

### 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.

## Chapter 4 Report of the Board

### 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 2014	Company	Field research	Organization	Caitong Securities, China AMC	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in 2013, as well as industry outlook in 2014
8 January 2014	Yantai	Field research	Organization	China AMC, GF Securities, Greenwoods Asset	Recent situation of offshore engineering business and principal business, investment progress, as well as industry outlook in 2014
9 January 2014	Company	Field research	Organization	Xin Chao Capital	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in 2013, as well as industry outlook in 2014
15 January 2014	Company	Field research	Organization	Shenyin Wanguo Securities	Same as above
15 January 2014	Company	Contact by phone	Organization	Oriental Patron Financial Group	Same as above
17 January 2014	Company	Field research	Organization	Mathews Fund	Same as above
21 January 2014	Company	Field research	Organization	Pingan Securities	Same as above
22 January 2014	Company	Field research	Organization	Rising Securities	Same as above
23 January 2014	Company	Field research	Organization	Credit Suisse	Same as above
12 February 2014	Company	Field research	Organization	CICC	Same as above
19 February 2014	Company	Field research	Organization	Robeco, UG Investment Advisors, Keywise Capital, Goldman Sachs AM, Harvest Fund Management, Eastspring Investments, APG Asset Management Asia	Same as above
20 February 2014	Company	Field research	Organization	First State Investments, J.P.Morgan Chase	Same as above
21 February 2014	Company	Field research	Organization	Galaxy Securities	Same as above
25 February 2014	Company	Field research	Organization	China Merchants Securities, Moneta, South Fund, Bosera Funds, Penghua Fund, UBS SDIC, Dacheng Fund	Same as above
26 March 2014	Hong Kong	Others	Organization	Securities Analyst and Fund Manager	Results conference of the 2013 Annual report

## Chapter 4 Report of the Board

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
9 April 2014	Company	Field research	Organization	Daiwa Securities	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
16 April 2014	Company	Field research	Organization	UBS Securities	Same as above
22 April 2014	Company	Field research	Organization	Founder Securities	Same as above
29 April 2014	Jinan	Field research	Organization	Standard Chartered Bank, HSBC Asset Management, Happy Dragon Asset Management	Recent situation of vehicle business and principal business, investment progress, as well as industry outlook in 2014
30 April 2014	Yantai	Field research	Organization	Standard Chartered Bank, HSBC Asset Management, Happy Dragon Asset Management	Recent situation of offshore engineering business and principal business, investment progress, as well as industry outlook in 2014
13 May 2014	Company	Field research	Organization	Galaxy Securities	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
19 May 2014	Company	Field research	Organization	Morgan Stanley	Same as above
22 May 2014	Company	Field research	Organization	China AMC	Same as above
5 June 2014	Yantai	Field research	Organization	GF Securities	Recent situation of offshore engineering business and principal business, investment progress, as well as industry outlook in 2014
25 June 2014	Company	Contact by phone	Organization	CLSA	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
26 June 2014	Zhang Jiagang	Field research	Organization	CICC Company	Recent situation of energy and chemical business and principal business, investment progress, as well as industry outlook in 2014
27 June 2014	Langfang	Field research	Organization	CICC Company	Same as above
3 July 2014	Company	Field research	Organization	Sumitomo Mitsui Asset Management, Citi Research	Business structure, recent industrial developments, main business situations, investment progress of the Company, industry outlook in the second half of 2014
15 July 2014	Company	Field research	Organization	GoldState Securities	Same as above

## Chapter 4 Report of the Board

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
21 July 2014	Yantai Raffles	Field research	Individual	Small and medium investors	Recent situation of offshore engineering business and principal business, investment progress, as well as industry outlook in 2014
26 August 2014	Company	Contact by phone	Organization	GF Securities	Interim result of 2014
26 August 2014	Hong Kong	Others	Organization	Securities Analyst and Fund Manager	Disclosure of interim result of 2014
2 September 2014	Company	Field research	Organization	China Merchant Securities	Business structure, recent industrial developments, main business situations, investment progress of the Company, industry outlook in the second half of 2014
4 September 2014	Company	Field research	Organization	Happy Dragon Asset Management	Same as above
9 September 2014	Shenzhen	Field research	Organization	Pictet Asset Management, CLSA	The location of the Company's land in Qianhai (Shenzhen) and the understanding of the general planning of Qianhai
11 September 2014	Company	Field research	Organization	BOCI	Business structure, recent industrial developments, main business situations, investment progress of the Company, industry outlook in the second half of 2014
18 September 2014	Company	Field research	Organization	New China Life Insurance	Same as above
31 October 2014	Company	Contact by phone	Organization	DBS Vickers	Same as above
3 November 2014	Company	Field research	Organization	China Merchant Securities	Same as above
13 November 2014	Company	Field research	Organization	Shenyin Wanguo Securities	Same as above
5 December 2014	Company	Contact by phone	Organization	Orchid Asia Group Management	Same as above
10 December 2014	Company	Field research	Individual	Small and medium investors	Same as above
10 December 2014	East Factory	Field research	Organization	BOCI	Same as above
17 December 2014	Company	Field research	Organization	China AMC	Same as above
Number of reception					44
Number of organizations received					42
Number of individuals received					2
Number of other parties received					0
Whether disclosed any undisclosed major information					No

## Chapter 4 Report of the Board

### IV. BUSINESS PROSPECTS OF THE GROUP IN 2015

#### 1. Economic Environment and Policies

Looking ahead to 2015, we will face both opportunities and challenges. The world economy will continue to maintain a momentum of slow recovery, and the United States will take the lead in the recovery, and the phenomenon of manufacturing capacity's returning to developed economies will sustain within a certain scope. The domestic economy will have a new normal development and be expected to grow at a stable rate. Global financial markets will be driven by US economic recovery and appreciation of US dollars, and the commodity and oil price will fluctuate at a low level or may rebound. IMF expects the world economy will grow at the rate of 3.8% in 2015, and China of 6.8%.



## Chapter 4 Report of the Board

### 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 2015, at a rate slightly greater than 2014. CLARKSONS (a British shipbroker in dynamic analysis of shipbuilding and marine trade) predicts that the growth rate of container trade will reach 6.7% in 2015. Alphaliner (a French shipping consulting firm) predicts that the growth rate of container trade will be 5.4% in 2015, while the shipping capacity of containers will increase by 7.8%, although the gap between the supply and the demand has expanded compared to 2014, there remains the oversupply of the shipping capacity. Although the possibility of speed-up begins to be discussed within the industry because of significant decrease of fuel costs, but given the slow-sailing still the current most effective means of reducing costs, absorbing excess capacity and reducing emissions, the shipping companies are expected to continue launching big ships, deepening coalition operations and maintaining slow-sailing for the shipping period, which help to maintain the growth in container market demand.
- (2) In respect of road transportation vehicle business, the economic environment of North American markets continues being favorable, and the supply and demand of special vehicles keeps high with slight increase; the demand in European markets shows signs of recovery, which is beneficial to the business and client development of the Group; the domestic economy enters a critical period of transformation and upgrading, and the Chinese customers have growing demand for new products with advanced manufacturing process and further improved industry standards; the overall economic situation in emerging markets is similar to China, with urgent demand for new products, and there is a larger 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 state will offer appropriate encouragement and support for related industries in future. In February 2015, the National Development and Reform Commission announced that it would reduce non-resident city gate station price of natural gas on 1 April 2015. Therefore, the demand for natural gas equipment will keep increasing; 2) Chemical equipment business: The chemical industry, closely related to macroeconomic environment accounts for a large share of global GDP. It is expected that standard tank container business will probably fluctuate with the periodic chemical market in 2015; 3) Liquid food equipment business: Global liquid food businesses such as beer business have becoming more mature, requiring investment in relevant equipment to satisfy production and transportation needs. In this context, liquid food equipment business will still have a promising market growth potential.
- (4) In respect of offshore engineering business, it is expected to be tough for the offshore engineering equipment industry in 2015, when the international oil prices will remain low, and oil companies cut investment in exploration and development, directly impacting the business of oil service companies, and causing re-shuffle in the industry, more M&A activities, oversupply of offshore engineering equipment, further decrease in new orders and larger overall market pressure.

### 3. Overall Operation Targets and Initiatives for Main Business Segments

In 2015, 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 world-class 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



## Chapter 4 Report of the Board

the continuous healthy development of the Group. The overall operation targets of the four principal business segments of the Group are listed below:

**Container manufacturing business:** the container industry that is on the road of recovery will continue to have a relatively insufficient industry demand and a relative surplus of supply. The Group will continue to focus on connotative optimization in dry container, reefer container and special reefer and other mature business areas, play the advantages of scale, and fully implement the cost leading strategy, so as to keep our market position in the container industry. The Group will realize the connotative growth in mature business by enhancing the turnover and productivity efficiency of assets, and focusing on all aspects of cost management; promote the industrial sustainable development by getting more committed to improving the entire chain of environmental protection and employee working conditions. Meanwhile, the Group will continue to explore new business opportunities for modular buildings, cold chain business and laser business, etc., to provide the impetus for the Company to achieve a quality epitaxial growth.

**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.

**Energy, chemical and liquid food equipment business:** In 2015, as for energy equipment business, the Company will proactively implement its marketing strategy, promote the business in domestic and overseas markets, identify new sources of revenue and business opportunities in relevant energy sectors, and intensify its effort to develop more engineering, procurement, and construction (EPC) businesses for unconventional natural gas sources. As to chemical equipment business, the Company will continue to maintain its leadership in tank container manufacturing business by controlling production costs and improving quality and management efficiency. In addition, it will devote greater effort to the research and development of high-end special tank containers such as LNG tank containers. For liquid food equipment business, the Company will be committed to expanding the business to high-end product market, keeping improving the image of Holvrieka and Ziemann brands, and refining its existing products, as a way of striving to outperform the competition with new advantages.

**Offshore engineering business:** In 2015, the Group will focus on establishing the thinking of bottom line for proper risk plan and prevention of systemic risk; continue to adhere to focus strategy, promote design finalisation, and strive for high quality orders; strengthen preparation for production, improve production efficiency; establish a support system for resource protection and management with on-time delivery; achieve breakthrough in cost reduction in EPC.

## Chapter 4 Report of the Board

### 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 RMB6.04 billion in 2015, for which various forms of financing arrangements will be considered.

### 5. Risk Factors for our Future Development

#### (1) Policy Risks and Challenges

China's economic transformation and upgrading are in full swing. The government of China presents the roadmap for comprehensively deepening reform and overall objective, and various laws and policies are in the changing and adjusting period, especially the industrial policies, tax policies, environmental policies and land policies, etc. that have a huge impact on the business. The container sector, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years, such as the export tax rebate policy, investment approval policy, industrial land supply policy, and policy concerning the discharge of "three wastes", etc. In addition, part of the Group's business may also be affected by the rise of global trade protectionism, such as global anti-monopoly and anti-subsidy investigation, etc.

#### (2) Economic Risks and Challenges

- **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. First, we are facing various risks including declining growth in global trade, China's export and the demand for containers; second, under the impact of China's financial reform, exchange rate fluctuations in the RMB against the USD are more frequent and see choppy trading, which will make the Group's foreign exchange and money management more difficult; in addition, with the decline in international oil prices, the global growth in oil and gas exploration and development is slowing down, and many oil companies have been caught in the dilemma of cost overruns, resulting in budget cuts for offshore engineering and fall in drilling equipment utilization, as a result, the drilling equipment market has been showing a relative surplus. With national policy support, the industry has both opportunities and threats in the coming reshuffle, and the domestic offshore engineering has the opportunity to be integrated in the new business.
- **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. In particular, a weak demand will lead to an imbalance between supply and demand, which will cause an intensified price competition in the industry. 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.

## Chapter 4 Report of the Board

- Fund demand: As a capital, technology and labor-intensive industry, offshore engineering has a huge fund demand, in addition to the harsh conditions on receivables on the market, the offshore enterprises are facing a tremendous balance pressure, and there are higher quality requirements on market orders.
- 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

- 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. In addition, with the generation after 90s gradually become the main line labor, the Group will adjust and optimize the policies for employee selection, training, use and hire and other aspects.
- Environmental protection pressure: China has entered a stage of economic restructuring and social transformation and it will continue to implement the strategy of sustainable development. Since the last two years, 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 technology replacing human with machines 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.

## Chapter 4 Report of the Board

### V. OTHER MATTERS REPORTED BY THE BOARD

#### 1. Fixed Assets

Changes to the fixed assets of the Company and the Group during the 2014 are summarised in note IV.14 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report.

#### 2. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for 2014 was RMB15,311,000. (31 December 2013: RMB140,368,000).

#### 3. Reserves and Distributable Reserves

As of 31 December 2014, the reserves of the Group were RMB19,617,685,000, and the distributable reserves were RMB16,651,960,000. Details of the distributable reserves of the Group are set out in notes IV.42, IV.43 and IV.44 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report.

#### 4. Management Contract

During the Reporting Period, 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.

#### 5. Major Suppliers and Customers

In 2014, the aggregate purchase attributable to the former five largest suppliers of the Group was less than 30% of the Group’s total purchase, the aggregate revenue derived from the five former largest customers was less than 30% of the Group’s total sales. For details of the former five largest customers and suppliers of the Group, please refer to “1. Income” and “2. Cost” of “III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities” under this chapter.

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.

## Chapter 4 Report of the Board

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

The Group did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the twelve months ended 31 December 2014.

### 7. Trust Deposits and Irrecoverable Overdue Time Deposits

As at 31 December 2014, the Company did not have any trust deposits or irrecoverable overdue time deposits.

### 8. 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.

### 9. Issue of debenture

Please refer to note IV.37 of “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details of the issuance of medium-term notes and convertible bonds by the Company.

### 10. Taxes

In accordance with the provisions of the “Individual Income Tax Law of the People’s Republic of China” and its implementing regulations, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of “income from interest, dividends and bonuses”. The Company will withhold and remit relevant taxes in accordance with the “Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No.045” (Guo Shui Han [2011] No. 348, the letter entitled “Tax Arrangements of Enterprises in Mainland China on Dividend Issuance to Hong Kong Residents” issued by the Hong Kong Stock Exchange, and related laws and regulations. It’s recommended that shareholders may consult their tax advisors concerning the tax effects in Mainland China, Hong Kong and other regions regarding the holding and disposal of H shares of the Company.

### 11. Donation

In 2014, the Group has made a total donation of RMB3,167,000.









# ENERGY, CHEMICAL AND LIQUID FOOD EQUIPMENT BUSINESS



Revenue:

**RMB12.916 billion**

(representing a year-on-year  
increase of 11.54%)

Net Profit:

**RMB1.044 billion**

(representing a year-on-year  
increase of 14.47%)

# Chapter 5 Management Discussion and Analysis



The following contents are the financial resource reviews prepared in accordance with the relevant provisions of the Hong Kong Listing Rules. The following discussion and analysis shall be read together with other chapters and the audited financial statements and notes thereto prepared in accordance with CASBE set out in other chapters.

## 1. CONSOLIDATED OPERATING RESULTS AND SEGMENTS OPERATING RESULTS

For details of the consolidated operating results and segments operating results of the Group during the Reporting Period, please refer to “1. Income” and “6. Composition of Principle Business” of “III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities” under “Chapter 4 Report of the Board” herein, and the note IV.46 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report.

## 2. COSTS OF SALES AND GROSS MARGIN

For details of the operation costs of the Group during the Reporting Period, please refer to “2. Cost of Sales” of “III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities” under “Chapter 4 Report of the Board” herein, and the note IV.46 to “Chapter 13 Financial Statements Prepared in Accordance CASBE” in this Report.

The table below lists the gross margin and gross rate of the Group’s major segments during the following periods:

Unit: RMB’000

By segment	2014		2013	
	Gross margin	Gross rate (%)	Gross margin	Gross rate (%)
Container	3,071,341	12.90%	3,034,834	14.24%
Road transportation vehicles	2,344,260	17.51%	2,033,186	15.25%
Energy, chemicals, liquid food equipment	2,548,451	19.73%	2,377,429	20.53%
Offshore engineering	538,172	4.54%	108,106	1.55%
Airport equipment	585,037	21.45%	278,337	31.35%
Logistics services	832,772	9.83%	798,795	12.85%
Financial business	580,703	36.73%	552,602	63.04%
Real estate	450,855	39.69%	626,127	47.22%
Heavy trucks	31,173	2.94%	-	-
Others	154,008	12.80%	(51,988)	(23.74)%
Combined offset	165,060	-	(125,377)	-
<b>Total</b>	<b>11,301,832</b>	<b>16.13%</b>	<b>9,632,051</b>	<b>16.64%</b>

## Chapter 5 Management Discussion and Analysis



The overall gross rate of the Group in 2014 is 16.13%, representing a slightly decrease of 0.51% over last year. For all segments, there was a decline in gross profit margins of businesses of containers, energy, chemical and liquid food equipment, airport facilities, logistics services, finance and real estates, while those of road transportation vehicle and offshore engineering businesses have increased compared with the same period last year. For detail analysis, please see the “II. Review of the Group’s Principal Business during the Reporting Period” under “Chapter 4 Report of the Board” herein for details.

### 3. R&D COSTS, SALES COSTS, MANAGEMENT EXPENSES AND FINANCE EXPENSES

For details of the R&D costs, sales costs, management expenses and finance expenses of the Group during the Reporting Period, please refer to “3. Major Components of Expenses” and “4. R&D Expenditure” of “III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities” under “Chapter 4 Report of the Board” herein, and the notes IV48, IV49 and IV50 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report.

### 4. NON-OPERATING REVENUE

In 2014, the Group’s non-operating income amounted to RMB389.679 million (same period in 2013: RMB274.223 million), representing a year-on-year increase of 42.10%, which was mainly due to an increase of government grants for the Group during the Reporting Period. Please refer to note IV55 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details.

### 5. TAXES

In 2014, taxes paid by the Group amounted to RMB536.488 million (same period in 2013: RMB928.222 million), representing a year-on-year decrease of 42.20%, mainly due to the reversal withholding tax of the overseas enterprises which have been identified as Chinese resident enterprises for the current period. Please refer to note IV57 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details.

## Chapter 5 Management Discussion and Analysis

### 6. PROFIT ATTRIBUTABLE TO MINORITY SHAREHOLDERS

In 2014, the Group's profits attributable to minority shareholders amounted to RMB556.126 million (RMB454.177 million in 2013), representing a year-on-year increase of 22.45%, mainly due to the changes in profits of subsidiaries with minority shareholders.

### 7. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's cash and cash equivalent/cash at bank and on hand amounted to RMB3,667.387 million (31 December 2013: RMB4,771.047 million). The Group's cash at bank and on hand primarily consist of cash and bank deposits.

For details of the cash flow data of the Group in 2014, please refer to "5. Cash Flow" of "III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities" under "Chapter 4 Report of the Board" herein, and the notes IV59 and IV60 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report.

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

### 8. BANK LOANS AND OTHER BORROWINGS

As at 31 December 2014, the Group's bank borrowings, debentures payable and other current liabilities (issuance of commercial papers) totaling amounted to RMB33,310.268 million (31 December 2013: RMB25,835.849 million). Details of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in notes IV.23, IV.34, IV.35, IV.36 and IV.37 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report.

Unit: RMB'000

	As at 31 December 2014	As at 31 December 2013
Short-term borrowings	11,239,527	7,244,780
Non-current borrowings due within one year	2,052,854	2,458,775
Debentures payable due within one year	2,000,000	-
Long-term borrowings	11,110,296	7,761,243
Debentures payable	4,455,080	6,450,730
Other current liabilities (issuance of commercial papers)	2,452,511	1,920,321
<b>Total</b>	<b>33,310,268</b>	<b>25,835,849</b>

Interest capitalised by the Group for the year of 2014 was RMB412.821 million. (31 December 2013: RMB339.469 million).

In 2014, the net bank loans appropriated by the Group amounted to RMB33,241.336 million (same period in 2013: RMB19,443.628 million), the increase in net appropriated bank loans was mainly due to the financing needs for working capital.



## Chapter 5 Management Discussion and Analysis

The Group's bank borrowings are mainly denominated in U.S. dollar, with the interest payments computed using fixed rates and floating rates. As at 31 December 2014, the Group's bank borrowings included fixed-rate borrowings of RMB4,792.023 million (as at 31 December 2013: RMB4,170.009 million) and floating-rate borrowings of RMB19,608.678 million (as at 31 December 2013: RMB13,246.406 million). The long-term borrowings are expired within five years. Please refer to note IV36 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2014, the remaining fixed-rate bonds issued by the Group amounted to RMB6,455.080 million (as at 31 December 2013: RMB6,450.730 million). Please refer to notes IV34 and IV37 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 9. CAPITAL STRUCTURE

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. On 31 December 2014, the Group's equity interests attributable to shareholders amounted to RMB27,282.115 million (31 December 2013: RMB24,496.128 million), the total liabilities amounted to RMB60,494.066 million (31 December 2013: RMB48,109.844 million) and the total assets amounted to RMB87,776.181 million (31 December 2013: RMB72,605.972 million). The gearing ratio was 68.92% (31 December 2013: 66.26%), mainly due to the increase of the total liabilities of the Group during the Reporting Period as compared to the same period of last year. The gearing ratios were calculated based on our total debts as at the respective dates divided by our total assets. The Group is committed to maintain an appropriate combination of equity and debt, in order to maintain effective capital structure and provide maximum returns for shareholders.

For the significant changes in Group's assets and liabilities during the Reporting Period, please refer to "7. Analysis of Assets and Liabilities" of "III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities" under "Chapter 4 Report of the Board", and Supplementary Information 3 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 10. FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The majority currency of the Group's business revenue is 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. As the exchange rates of Renminbi are affected by domestic and international economic and political situations, and demand for and supply of Renminbi, and the future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, the Group is exposed to potential foreign exchange risk generated by the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk to take appropriate measures to avoid foreign exchange risk.

For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to note IV.24 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report.

## Chapter 5 Management Discussion and Analysis

### 11. INTEREST RATE RISK

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into certain interest rate swap contracts with many banks. As at 31 December 2014, the Group held two unsettled interest rate swap contracts denominated in U.S. dollars, the notional principal of which totaling amounted to approximately US\$109 million, which will be expired on 28 April 2017 and 29 December 2018 respectively. As at 31 December 2014, the Group recognised on the interest rate swap contracts in their fair values of RMB21.307 million as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values. Please refer to note IV. 24 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 12. CREDIT RISK

The Group's credit risk is primarily attributable to monetary funds, receivables and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis. Please refer to note XIV. 1 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 13. CAPITAL COMMITMENTS

As at 31 December 2014, the Group had contracted capital expenditure commitments of approximately RMB696.316 million (RMB4,096.918 million as at 31 December 2013), which was mainly used for the construction of ships for sales or leasing or performance of foreign investment contracts. The capital commitment has been included in the 2014 capital expenditure budget. Please refer to note XI. 1.(1) to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 14. 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 2014, please refer to note IV. 12 and VI to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 15. PLEDGE OF ASSETS

As at 31 December 2014, restricted assets of the Group totaling amounted to RMB998.522 million (31 December 2013: RMB2,314.506 million). Please refer to note IV. 22 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 16. SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND SALES RELATING TO SUBSIDIARIES AND ASSOCIATED COMPANIES

For the Group's significant investments and significant acquisitions and sales of relevant subsidiaries and associated companies as at 31 December 2014, please refer to "9. Analysis of Investments" of "III. Financial Discussion and Analysis Prepared According to the Requirements of Domestic Securities Regulatory Authorities" under "Chapter 4 Report of the Board" and note V to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### 17. FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

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.



## Chapter 5 Management Discussion and Analysis

### 18. CONTINGENT LIABILITIES

On 31 December 2014, the Group had contingent liabilities of RMB54.704 million (31 December 2013: RMB57.341 million). Please refer to note X. 1 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details.

### 19. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, there were approximately 61,309 employees of the Group (same period in 2013:57,686). The total staff cost during the Reporting Period, including Directors’ remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to approximately RMB6,519.295 million (same period in 2013: RMB5417.434 million). Please refer to note IV28 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details.

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market conditions. The share option scheme aims to recognize the previous contribution of Directors and core employees to the Group and reward them for their long-term service. 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 payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

### 20. EMPLOYEE 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 notes II.24 and IV.28 to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report.

### 21. 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 “IV. Implementation of the Company’s Share Option Scheme and its Impacts” under “CHAPTER 7 SIGNIFICANT EVENTS” in this Report.

### 22. 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 2015” of “Chapter 4 Report of the Board” in this Report.



# ROAD TRANSPORTATION VEHICLE BUSINESS



Revenue:

**RMB13.39 billion**

(representing a year-on-year  
increase of 0.41%)

Net Profit:

**RMB648 million**

(representing a year-on-year  
increase of 145.45%)



# Chapter 6 Report of the Supervisory Committee

Dear Shareholders,

During the year of 2014, 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

Session of meeting	Date of meeting	Resolutions considered
The 1st meeting of the 7th session of the Board in 2014	2014.3.25	Audit opinion on confirmation of routine connected transactions of 2014. Resolution on the 1st meeting of 2014
The 2nd meeting of the 7th session of the Board in 2014	2014.4.25	Audit opinion on the First Quarterly Report of 2014
The 3rd meeting of the 7th session of the Board in 2014	2014.8.25	Audit opinion on the Semi-annual Report of 2014
The 4th meeting of the 7th session of the Board in 2014	2014.10.17	Audit opinion on cancelling the unexercised share option during the first exercisable period granted for A Shares on 28 September 2010.
The 5th meeting of the 7th session of the Board in 2014	2014.10.27	Audit opinion on the Third Quarterly Report of 2014
The 6th meeting of the 7th session of the Board in 2014	2014.12.17	Opinion on continuing connected transaction between the Group and COSCO Pacific Limited.

## 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.

## 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 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.

## Chapter 6 Report of the Supervisory Committee

### (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. 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, the actual projects invested with the proceeds from the fund raising exercise are consistent with the commitment, without exceptions.

### (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 terms of connected transaction agreement approved by the Company's independent 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 2014 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  
24 March 2015

# 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 judgment of the litigation (arbitration)	Disclosure date	Disclosure index
The deepwater semi-submersible drilling platforms SSPantanal and SSAmazonia constructed by CIMC Raffles and its subsidiaries for subsidiaries of Brazil Schahin Holding S.A. were delivered in November 2010 and April 2011, respectively; at the same time, CIMC Raffles also offered advance payment for the construction of such drilling platforms for Schahin Holding S.A. and its six affiliates, with advances	1,300,000	No	<p>The deepwater semi-submersible drilling platforms SSPantanal and SSAmazonia constructed by CIMC Raffles and its subsidiaries for subsidiaries of Brazil Schahin Holding S.A. were delivered in November 2010 and April 2011, respectively. But, the gross proceeds from sales of USD142.3 million were failed to be recovered; at the same time, CIMC Raffles also offered advance payment for the construction of such drilling platforms for Schahin Holding S.A. and its six affiliates, with the total amount to be USD66.13 million also not recovered.</p> <p>As Schahin Holding S.A. and its six affiliates failed to pay the above funds according to the contract, CIMC Raffles and its subsidiaries filed a lawsuit and arbitration application for the gross proceeds from sales and advance payment against Schahin Holding S.A. and its six affiliates in December 2011 and May 2012, respectively. According to the pre-arbitration rules, CIMC Raffles has recovered a part of account receivables. As at 31 December 2013, all the advances had been recovered, while an account receivable of USD126.32 million (equivalent to approximately RMB770 million) was to be collected. During 2014, CIMC Raffles recovered an accounts receivable of USD105.54 million (including the principal of USD77.60 million and interest of USD27.94 million). As at 31 December 2014, there were account receivables of USD48.72 million to be recovered.</p> <p>In February 2015, CIMC Raffles reached a comprehensive reconciliation and signed a Settlement Agreement with Schahin Company for the unsettled litigation and arbitration against Schahin. As at 5 March 2015, CIMC Raffles had recovered the remaining amount of debt, interest and legal costs which totaling amounted to approximately USD71.86 million under the Settlement Agreement and other relevant documents. Since then, CIMC Raffles has basically settled the litigation and arbitration against Schahin, and recovered all the debt, interest and costs totally USD272.74 million, including the principal of USD207.92 million, interest of USD57.05 million, and legal costs of USD7.77 million.</p>	As at the date of the authorization and issuance of the financial statement, the above litigation and arbitration have been settled. The settlement of the litigation and arbitration against Schahin and the recovery of the above averages are expected to have a positive impact on the financial position of the Company under the current year.	Concluded	2015-03-07	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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.



## Chapter 7 Significant Events

### 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

#### Corporate Mergers

Please refer to note V to “Chapter 13 Financial Statements Prepared in Accordance with CASBE” in this Report for details.

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. The first tranche of share options has entered the exercisable period since 28 September 2012. Upon the consideration and approval at the 11th meeting of the 7th Board 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 to 26 September 2014, the total exercisable options during the Reporting Period are 13.3575 million shares. 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.

## Chapter 7 Significant Events

Movements of the share options, which have been granted under the Scheme mentioned above, in the year as at 31 December 2014 are set out as below:

	Date of Grant	Number of underlying shares comprised in share options					Balance as at 31 December 2014	Exercise price per share (RMB)	Exercise period
		Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
Director Mai Boliang	2010.9.28	3,800,000	950,000	0	950,000	0	2,850,000	11.08	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	350,000	2,150,000	0	7,500,000	11.08	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	39,817,500	9,907,500	9,882,500	25,000	0	29,910,000	11.08	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	16.61	25% of the granted options 2013.9.22-2015.9.21; 75% of the granted options 2015.9.22-2020.9.27
<b>Total</b>	-	59,617,500	13,357,500	10,232,500	3,125,000	0	46,260,000	-	-

As of 31 December 2014, 10,232,500 options were exercised for the first tranche of share options, representing 18.11% of the total of share option incentive scheme (adjusted), 3,125,000 overdue unexercised share options were planned to be cancelled.

### 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"); 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"); CIMC Enric granted share options to several eligible persons on 5 June 2014 according to the plan, in order to subscribe totally 38,420,000 ordinary shares with par value of HK\$0.01 per share in the share capital of CIMC Enric ("2014 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.

## Chapter 7 Significant Events

As at 31 December 2014, 3,440,000 share options of the 2009 Enric Share Options and 2,860,000 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 2014:

		Number of underlying shares comprised in share options								
		Balance	Granted	Exercised	Transferred	Lapsed	Balance	Exercise		
		as at 1	within	during	to/from	during	as at 31	price per		
Date of Grant		January	the year	the year	other	the year	December	share	Exercise period	
		2014			within		2014			
					the year					
Directors of CIMC Enric										
Zhao Qingsheng M	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	(315,000)	0	0	135,000	HK\$2.48	2013.10.28-2021.10.27	
	2014.06.05	0	500,000	0	0	0	500,000	HK\$11.24	2016.06.05-2024.06.04	
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	
	2014.06.05	0	400,000	0	0	0	400,000	HK\$11.24	2016.06.05-2024.06.04	
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	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
Yu Yuqun	2009.11.11	698,000	0	0	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	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
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	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
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	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
Tsui Kei Pang	2011.10.28	300,000	0	0	0	0	300,000	HK\$2.48	2013.10.28-2021.10.27	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
Zhang Xueqian	2011.10.28	300,000	0	0	0	0	300,000	HK\$2.48	2013.10.28-2021.10.27	
	2014.06.05	0	300,000	0	0	0	300,000	HK\$11.24	2016.06.05-2024.06.04	
Employees of CIMC Enric	2009.11.11	11,946,000	0	(2,334,000)	0	(90,000)	9,522,000	HK\$4.00	2010.11.11-2019.11.10	
	2011.10.28	27,170,000	0	(2,054,000)	0	(390,000)	24,726,000	HK\$2.48	2013.10.28-2021.10.27	
	2014.06.05	0	31,870,000	0	0	0	31,870,000	HK\$11.24	2016.06.05-2024.06.04	
Other participants	2009.11.11	9,130,000	0	(360,000)	0	0	8,770,000	HK\$4.00	2010.11.11-2019.11.10	
	2011.10.28	3,144,000	0	(532,000)	0	(120,000)	2,492,000	HK\$2.48	2013.10.28-2021.10.27	
	2014.06.05	0	3,850,000	0	0	0	3,850,000	HK\$11.24	2016.06.05-2024.06.04	
Total	–	58,638,000	38,420,000	(5,595,000)	0	(600,000)	90,863,000	–	–	

## Chapter 7 Significant Events

### 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 CIMC Vehicle 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 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.

As of 31 December 2014, the aforesaid Trust Scheme had allocated 206.09 million share options, representing 93.38%.

## V. MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

### (I) Connected transactions as defined by domestic 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
Y&C Engine Co., Ltd	Joint venture	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	613,490	-	-	-	-	-
Asahi Trading Co., Ltd	Minority shareholder of subsidiary	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	164,080	-	-	-	-	-
Shannxi Automobile Group Co., Ltd.	Minority shareholder of subsidiary	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	63,562	-	-	-	-	-
Xuzhou CIMC Wood Co., Ltd.	Associated company	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	57,322	-	-	-	-	-
TSC Offshore Group Limited	Associated company	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	156,535	-	-	-	-	-
Other related parties	-	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	-40,724	-	-	-	-	-
Sub-total					-	1,095,713	-	-	-	-	-

## Chapter 7 Significant Events

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
Shannxi Automobile Group Co., Ltd.	Minority shareholder of subsidiary	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	350,245	-	-	-	-	-
Florens Container Corporation S.A.	Subsidiary of major shareholder	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	669,782	-	-	-	-	-
Florens Maritime Limited	Subsidiary of major shareholder	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	888,395	-	-	-	-	-
Sumitomo Corporation	Minority shareholder of subsidiary	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	149,128	-	-	-	-	-
Simmax (Jiangmen) Technology Materials Co., Ltd.	Associated company	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	25,641	-	-	-	-	-
COSCO Container Industries Limited	Major shareholder of the Company	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	21,187	-	-	-	-	-
Guangxi South CIMI Logistics Equipment Co., LTD.	Associated company	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	13,347	-	-	-	-	-
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	Joint venture	Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	18,046	-	-	-	-	-
Other related parties		Procurement of merchandise	Procurement of merchandise	Regular commercial terms	-	8,798	-	-	-	-	-
Sub-total					-	2,144,569	-	-	-	-	-

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 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.

Whether connected transactions will affect the independence of the Company

Do not affect the independence of the Company

## Chapter 7 Significant Events

### 2. Credit and debt among the connected transactions

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	Liabilities payable to the related party	Operating borrowings by shareholders in same ratio	None	42,928	(3,138)	39,790
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	Liabilities payable to the related party	Operating borrowings by shareholders in same ratio	None	164,634	4,061	168,695
Quercus Limited	Minority shareholder of subsidiary	Liabilities payable to the related party	Operating borrowings by shareholders in same ratio	None	48,488	1,490	49,978
Shiny Laburnum Limited	Minority shareholder of subsidiary	Liabilities payable to the related party	Operating borrowings by shareholders in same ratio	None	293	(287)	6
Shanghai Fengyang Real Estate Development Co., Ltd.	Associated company of the Group	Claims receivable from the related party	Operating borrowings by shareholders in same ratio	None	34,204	-	34,204
New Atlantic Wood Industry (Hong Kong) Co., Ltd.	Associated company of the Group	Claims receivable from the related party	Operating borrowings by shareholders in same ratio	None	3,833	13	3,846
Marine Subsea & Consafe	Associated company of the Group	Claims receivable from the related party	Operating borrowings by shareholders	None	278,911	1,029	279,940
Nantong New Atlantic Forest Industry Ltd.	Associated company of the Group	Claims receivable from the related party	Operating borrowings by shareholders in same ratio	None	39,434	(15,434)	24,000
Guangzhou KYH Metal Co., Ltd.	Associated company of the Group	Claims receivable from the related party	Operating borrowings by shareholders in same ratio	None	9,997	4,025	14,022
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary	Claims receivable from the related party	Operating borrowings by shareholders in same ratio	None	155,901	573	156,474

### 3. Other material connected transactions

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



## Chapter 7 Significant Events

### (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 agreement 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. On 23 June, 2014, both sides entered into supplemental agreement on the adjustment of new general authority and the extension of long stop date.

COSCO Container is a substantial shareholder of the Company, thus it is our connected person pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules. For details of the above transactions, please refer to the Company’s announcement released on Hong Kong Stock Exchange website of our website on 24 December 2013, circular published on 21 January 2014 and announcement published on 23 June 2014.

As of the Reporting Period, the above subscription agreement has not been completed. According to the announcement published on 6 March, 2015, the above-mentioned subscription agreement failed to be completed in one year after the independent Shareholders’ approval made on the extraordinary general meeting of the Company on 7 March 2014. On 26 March 2015, the Company entered into the second amendment agreement to the subscription agreement with COSCO Container, pursuant to which with the general mandate required for the subscription agreement being adjusted and the long stop date being extended. The Company will submit the placing to the general meeting of the Company for Shareholders’ re-approval. For further information, please refer to the announcement of the Company published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 26 March 2015 as well as the announcement (Notice No.: [CIMC] 2015-017) released on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 27 March 2015.

#### 2. Continuing connected transaction between the Group and COSCO Pacific Limited (“COSCO Pacific”)

On 12 December 2012, the Group and COSCO Pacific entered into a framework agreement of commodity sales (“2012 Framework Agreement”), pursuant to which the Group would provide commodities such as containers to COSCO Pacific and its subsidiaries. The both side entered into a new framework agreement (Framework Agreement revised in 2013) on 21 March 2013 to revise the Annual Caps up to 2013 and 2014 in 2012 Framework Agreement (2012 Framework Agreement and Framework Agreement revised in 2013, hereinafter collectively referred to as “Framework Agreement”). On 28 June 2013, the Framework Agreement revised in 2013 was approved by the general meeting in 2012 and became effective and expired on 31 December 2014.

- Principal terms of the Framework Agreement are as follows:

Pricing principle:

- The bidding pricing where the bidding process is required;
- Government-prescribed price;
- Where there is no government-prescribed price, then the government-guidance price;
- Where there is neither government-prescribed price nor government-guidance price, then the market price; or

## Chapter 7 Significant Events

- (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 2014:**

According to the Framework Agreement revised in 2013, the annual trading cap for the year ended 31 December 2014 was RMB2,200 million, while the actual total transactions during the Reporting Period was RMB1,579.364 million, within the upper annual transaction limit.

- **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 Industries Limited, a substantial shareholder of the Company. According to Rule 14A.07 and Rule 14A.13 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 Industries Limited to Long Honour Investments Limited, a subsidiary of China Ocean Shipping (Group) Company ("COSCO") which is a controlling shareholder of the Company. COSCO Pacific is a company 30% controlled (severally or jointly) by COSCO, a substantial shareholder of the Company, and its member companies. COSCO Pacific is a close associate of COSCO pursuant to Rules 19A.04(b)(i) and (iv) of the Listing Rules. According to Rule 14A.07 and Rule 14A.13 of the Hong Kong Listing Rules, COSCO Pacific and its subsidiaries are our connected parties. As a result, the Company's Framework Agreement shall be deemed as the continuing connected transaction pursuant to Rule 14A.23 and Rule 14A.31 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 Transactions:**

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

## Chapter 7 Significant Events

- 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 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;
- 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.

- **Update to the continuing connected transactions:**

On 18 December 2014, the Company and COSCO Pacific entered into a new framework agreement ("New Framework Agreement") to update and sustain connected transactions. The term of the New Framework Agreement is 3 years, from 1 January, 2015 to 31 December, 2017 (including the beginning date and the end date). For details of the update to the continuing connected transactions, please refer to the Company's announcement published on 18 December 2014, and circular released on 6 January 2015.

### 3. Connected Transactions and Related-Party Transactions

For details of the Group's connected transactions and related-party transactions during the Reporting Period, please refer to Note VIII to Chapter 13 Financial Statements Prepared under CASBE in this Report. Except the connected transactions and continuing 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.

## Chapter 7 Significant Events

### 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)
Clients and dealers of subsidiaries of CIMC Vehicles	13 May 2014	2,340,760	20 January 2014	959,220	Warrantice	1-2 years	No	No
Guarantees of one subsidiary for another	13 May 2014	14,987,420	20 January 2014	6,884,520	Warrantice	1-2 years	No	No
Total external guarantee amount approved during the Reporting Period (A1)			1,481,910	Total actual amount of external guarantee during the Reporting Period (A2)				1,372,000
Total external guarantee amount approved at the end of the Reporting Period (A3)			17,328,180	Total actual external guarantee balance at the end of Reporting Period (A4)				7,843,740

## Chapter 7 Significant Events

The Company's 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)
Subsidiaries of CIMC	13 May 2014	15,505,140	20 January 2014	11,790,910	Warrandice	1-2 years	No	No
CIMC Hong Kong	13 May 2014	575,180	1 December 2011	575,180	Warrandice	3.3 years	No	No
Total guarantee amount for subsidiaries approved during the Reporting Period (B1)			4,736,390	Total actual guarantee amount for subsidiaries during the Reporting Period (B2)			844,120	
Total guarantee amount for subsidiaries approved at the end of the Reporting Period (B3)			16,080,320	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)			12,366,090	
Total guarantee of the Company (total of the above two items)								
Total guarantee amount approved during the Reporting Period (A1+B1)			6,218,300	Total actual guarantee amount during the Reporting Period (A2+B2)			2,216,120	
Total guarantee amount approved at the end of Reporting Period (A3+B3)			33,408,500	Total actual guarantee balance at the end of the Reporting Period (A4+B4)			20,209,830	
% of total actual guarantee amount (A4+B4) in net assets of the Company							90.67%	
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)							7,164,630	
Amount of those guarantee which amount exceeds 50% of net assets of the Company (E)							9,064,673	
Total amount of the above three guarantees (C + D + E)							16,229,303	

## Chapter 7 Significant Events

### 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)	9,460
Continuing service year of the accountants	3 years
CPA of the accountants	Cao Cuili, Cai Zhifeng

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 Cai Cuili and Cai Zhifeng, and it is the third 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.



## Chapter 7 Significant Events

During the Reporting Period, the Company engaged PricewaterhouseCoopers as its internal control auditor, and the internal control audit payment during the Reporting Period was RMB1.1 million (already included in the remuneration to the above domestic accountants).

### IX. EXPLANATION ON OTHER MATERIAL MATTERS

1. 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](http://www.cninfo.com.cn)) and our website ([www.cimc.com](http://www.cimc.com)) on 17 March 2014, as well as the announcement released on Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) on 16 March 2014.

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] 2014-015) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and our website ([www.cimc.com](http://www.cimc.com)) on 17 April 2013, as well as the announcement released on Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) on 25 April 2014.

2. On 18 November 2014, the Company, China Fire Safety Enterprise (Stock Code: 445) and Mr. Jiang Xiong (the existing controlling shareholder and Executive Director of the China Fire Safety Enterprise) entered into a memorandum, and on 27 February 2015, the Company and the China Fire Safety Enterprise entered into a formal agreement, pursuant to which the Company intends to sell 40% of the shares of Ziegler to China Fire Safety Enterprise, while the China Fire Safety Enterprise will issue new shares to the Company as the consideration. Upon the completion of such transaction, the Company and the China Fire Safety Enterprise will hold 60% and 40% of the shares of Ziegler respectively. For relevant information, please refer to the For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to Entering into Memoranda of Understanding with China Fire Safety Enterprise (Notice No.: [CIMC] 2014-047) and the Supplementary Announcement of China International Marine Containers (Group) Co., Ltd. in relation to Entering into Memoranda of Understanding with China Fire Safety Enterprise (Notice No.: [CIMC] 2014-048) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and our website ([www.cimc.com](http://www.cimc.com)) on 19 and 21 November 2014 and on 28 February 2015, as well as the announcement released on Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) on 11 and 21 November April 2014 and on 27 February 2015.

## Chapter 7 Significant Events

3. On 18 December 2014, the Company and COSCO Pacific entered into a new framework agreement to update and sustain connected transactions. On 3 March 2015, the Extraordinary General Meeting of the Company reviewed and approved the new framework agreement. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to the Forecast of Routine Connected Transactions from 2015 to 2017 and the Announcement on the Resolution of the First Extraordinary General Meeting of 2015 (Notice No.: [CIMC] 2014-050, [CIMC] 2015-009) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 19 December 2014 and 4 March 2015, and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 18 December 2014 and 3 March 2015.

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

1. On 8 June 2014, the Company's wholly-owned subsidiary of CIMC Containers Holding Co., Ltd. ("CIMC Containers Holding") and the Management Committee of Ningbo Yinzhou Economic Development Zone signed an investment agreement for CIMC and Yinzhou Logistics Equipment Manufacturing Project ("Yinzhou Project"). Accordingly, the CIMC Containers Holding agreed to invest in Yinzhou Project in two phases, with the total investment of about RMB3 billion. Phase 1 of the Project is expected to be invested and put into construction in 2015, and Phase 2 of the Project is expected to be invested in 2018 (specific time can be adjusted according to market conditions). For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to Entering into Project Investment Agreement with the Management Committee of Ningbo Yinzhou Economic Development Zone (Notice No.: [CIMC] 2014-021) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 9 June 2014, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
2. On 7 February 2013, 3 May 2013 and 30 July 2013, the Company disclosed announcements (Notice No.: [CIMC] 2013-002, [CIMC] 2013-017 and [CIMC] 2013-028) on China Securities Journal, Shanghai Securities News, Securities Times, ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)), involving the Sale and Purchase Agreement ("Sale and Purchase Agreement") signed by the China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong") and Pteris Global Limited ("Pteris", a company listed on the Main Board of Singapore Stock Exchange (stock code: J74)). Pursuant to the Sale and Purchase Agreement, CIMC Hong Kong agreed to sell all the equity of Techman (Hong Kong) Limited ("Techman (HK)", a limited company registered in Hong Kong and a wholly owned subsidiary of CIMC Hong Kong) to Pteris, while injecting 70% equity of Shenzhen CIMC-Tianda Airport Support Co., Ltd. ("CIMC Tianda") held by Techman (HK) as the consideration, and Pteris agreed to issue new shares to CIMC Hong Kong (or its agent).

## Chapter 7 Significant Events

The Sale and Purchase Agreement was completed on 19 August 2014. Since then, the equity interest of Pteris held by the Company increased to 51.32%. Therefore, Pteris becomes an indirect non-wholly owned subsidiary of the Company, while CIMC Tianda remains a subsidiary of the Company. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to Transaction Completion between Subsidiary and Pteris (Notice No.: [CIMC] 2014-034) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo web-site ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 21 August 2014, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 20 August 2014.

3. As of 17 September 2014, pursuant to the second and third preliminary award issued by the London Court of International Arbitration, in terms of the major litigation and arbitration with the Brazilian Schahin Group, CIMC Raffles Offshore (Singapore) Limited has received \$105.5503 million, of which including the principal of \$77.6038 million, interest of \$27.7163 million, and legal costs of \$230,200. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to the Progress of Major Litigation and Arbitration (Notice No.: [CIMC] 2014-037) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website [www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 19 September 2014, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 19 September 2014.

In February 2015, CIMC Raffles reached a comprehensive reconciliation and signed a Settlement Agreement with Schahin Company for the unsettled litigation and arbitration against Schahin. As at 5 March 2015, CIMC Raffles had recovered the remaining amount of debt, interest and legal costs which totaling amounted to approximately US\$71.86 million under the Settlement Agreement and other relevant documents. Since then, CIMC Raffles has basically settled the litigation and arbitration against Schahin, and recovered all the debt, interest and costs totally \$272.74 million, including the principal of \$207.92 million, interest of \$57.05 million, and legal costs of \$7.77 million. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in relation to the Progress of Major Litigation and Arbitration (Notice No.: [CIMC] 2014-010) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website [www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 7 March 2015, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 6 March 2015.

### **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.







## CONTAINER MANUFACTURING BUSINESS



Revenue:

**RMB23.813 billion**

(representing a year-on-year  
increase of 11.76%)

Net Profit:

**RMB710 million**

(representing a year-on-year  
decrease of 30.32%)

# 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 (2013.12.31)		Increase/decrease (+/-)					Post-movement (2014.12.31)	
	Numbers of shares	Percentage (%)	New Issue	Bonus Issue	Conversion from Reserves	Others	Sub-total	Numbers of shares	Percentage (%)
I. Shares with selling restrictions	700,828	0.03%	262,500	0	0	(329,802)	(67,302)	633,526	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	700,828	0.03%	262,500	0	0	(329,802)	(67,302)	633,526	0.02%
Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	700,828	0.03%	262,500	0	0	(329,802)	(67,302)	633,526	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without selling restrictions	2,661,695,223	99.97%	9,970,000	0	0	329,802	10,299,802	2,671,995,025	99.98%
1. RMB-denominated ordinary shares	1,231,214,714	46.24%	9,970,000	0	0	329,802	10,299,802	1,241,514,516	46.45%
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares traded in non-RMB currencies and listed overseas	1,430,480,509	53.73%	0	0	0	0	0	1,430,480,509	53.53%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total Shares	2,662,396,051	100.00%	10,232,500	0	0	0	10,232,500	2,672,628,551	100.00%



## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Reasons for changes in shares during the Reporting Period:

1. Mr. Li Ruiting has resigned the Supervisor of the Company for more than six months, therefore his shares subject to selling restriction has been traded freely;
2. In September 2014, the Company's senior management Mr. Jin Jianlong exercised 100,000 shares options. In January and August 2014, Ms. Zeng Beihua exercised 100,000 and 150,000 shares options, respectively. During the Reporting Period, 75% of the 350,000 shares options, i.e. 262,500 shares options, were subject to selling restriction;
3. The first batch of the Share Option Incentive Scheme has been finished, totaling 10,232,500 shares options (including the share options exercised by Mr. Jin Jianlong and Ms. Zeng Beihua) were exercised during the Reporting Period.

Approval for changes in shares capital of the Company

Applicable  Not Applicable

Transfer for changes in shares

Applicable  Not Applicable

Effects of changes in shares capital of the Company 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

Applicable  Not applicable

	Item	Pre-movement in shares (RMB/share)	Post-movement in shares (RMB/share)
2014	Basic earnings per share	0.93	0.93
	Diluted earnings per share	0.92	0.92
	Net assets per share attribute to shareholders of ordinary shares of the Company	8.37	8.34

Other matters deemed necessary to disclose by the Company or required to be disclosed by the securities regulatory authority

Applicable  Not Applicable

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### II. CHANGE 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	Year-end at the end of the year	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang (Note 1)	371,026	123,676	123,676	371,026	Shares are subject to selling restrictions in accordance with relevant provisions of Shenzhen Stock Exchange and the clearing companies	Nil
Jin Jianlong (Note 2)	0	0	75,000	75,000	Same as above	Nil
Zeng Beihua (Note 2)	0	0	187,500	187,500	Same as above	Nil
Li Ruiting	329,802	329,802	0	0	Same as above	Six months after the application date
<b>Total</b>	<b>700,828</b>	<b>453,478</b>	<b>386,176</b>	<b>633,526</b>	<b>-</b>	<b>-</b>

Note 1: Mr. Mai Boliang totally holds 371,026 shares subject to selling restrictions attributable to executives, 25% of such shares will be traded freely at the beginning of each year; the unsold part will be included into shares subject to selling restrictions again at the end of the year.

Note 2: In September 2014, the Company's senior management Mr. Jin Jianlong exercised 100,000 shares options. In January and August 2014, Ms. Zeng Beihua exercised 100,000 and 150,000 shares options respectively. During the Reporting Period, 75% of the 350,000 shares options, i.e. 262,500 shares options, were subject to selling restrictions; 25% of such shares will be traded freely at the beginning of each year; the unsold part will be included into shares subject to selling restriction again at the end of the year.

### 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

The first exercise period of the first batch of the Share Option Incentive Scheme has been finished, totaling 10,232,500 shares options were exercised during the Reporting Period. Please refer to "1. Share Option Incentive Scheme of the Company" of "IV. Implementation of the Company's Share Option Scheme and its Impacts" under "CHAPTER 7: SIGNIFICANT EVENTS" in this Report for details.

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

On 23 December 2013, the Company entered into H Share subscription agreements with each of COSCO Container, Broad Ride Limited and Promotor Holdings Limited 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 Limited and Promotor Holdings Limited have conditionally agreed to subscribe for such new H Shares in cash (the “Placing”). After referencing that (i) as at and including 20 December 2013 (the trading day immediately preceding the date of the H Share Subscription Agreement), the average reported closing price of the Company’s H share for the last five trading days in the Hong Kong Stock Exchange was HK\$14.46 per H Share; and (ii) the reported closing price of the Company’s H share in the Hong Kong Stock Exchange on 23 December 2013 (the date of the H Share Subscription Agreement) was HK\$14.34 per H Share, the Company determined that the subscription price is HK\$13.48 per subscription share through fair consultation. The gross proceeds from the issue of such new H Shares are expected to reach approximately HK\$3,856.58 million. The net proceeds (after deducting related expenses) will be used as working capital of the Group, providing a stable financial support for the Group’s rapid development. The Directors believe that the Placing helps the Company to raise funds, bolster capital, improve solvency ratios, ensure the soundness and sustainable development of its businesses, and enhance its market competitiveness.

For further information, please refer to the announcements (Notice No.: [CIMC] 2013-056, [CIMC] 2014-020, [CIMC] 2014-023, and [CIMC] 2014-025) disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 25 December 2013 and 5, 24 and 26 June 2014, as well as the announcements released on Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) on 23 December 2013 and 4, 23 and 25 June 2014.

As of the end of the Reporting Period, the Placing has not been completed. According to the Company’s announcement dated on 6 March, 2015, the Placing failed to be completed in one year after the independent Shareholders’ approval made on the extraordinary general meeting of the Company on 7 March 2014. On 26 March 2015, the Company entered into the second amendment agreements to the subscription agreements with each of COSCO Container, Broad Ride Limited and Promotor Holdings Limited, respectively, pursuant to which with the general mandate required for the subscription agreement being adjusted and the long stop date being extended. The Company will submit the Placing to the general meeting of the Company for Shareholders’ re-approval. For further information, please refer to the announcement of the Company published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 26 March 2015 as well as the announcement (Notice No.: [CIMC] 2015-017) released on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 27 March 2015.

### IV. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS

#### 1. Number of Shareholders and Shareholdings

The number of Shareholders of the Company as at 31 December 2014 was 112,442, including 112,435 holders of A shares and 7 registered holder of H Shares. The total number of Shareholders as at 18 March 2015, being the five business days preceding the date of the Company’s result announcement for 2014 was 118,295, including 118,288 holders of A shares and 7 registered holders of H shares.

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 2. 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								
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 held at the end of Reporting Period	Number of shares without selling restrictions held at the end of Reporting Period	Pledged or frozen shares	
							Status	Number
HKSCC Nominees Limited	Foreign legal person	53.52%	1,430,420,309	-	-	1,430,420,309	-	-
COSCO Container Industries Limited	Foreign legal person	16.17%	432,171,843	-	-	432,171,843	-	-
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus -019L-FH002 Shenzhen	Domestic non-state-owned legal person	0.77%	20,629,133	5,822,903	-	20,629,133	-	-
National Social Security Fund Four-One-Eight Combination	Domestic non-state-owned legal person	0.46%	12,317,057	9,184,305	-	12,317,057	-	-
Bosera Value Appreciation Securities Investment Fund	Domestic non-state-owned legal person	0.34%	9,125,602	9,125,602	-	9,125,602	-	-
Bank of China – Invesco Great Wall DingYi Stock Open-End Securities Investment Fund	Domestic non-state-owned legal person	0.25%	6,621,141	6,621,141	-	6,621,141	-	-
CITIC Securities Co., Ltd	Domestic non-state-owned legal person	0.22%	5,772,503	5,461,504	-	5,772,503	-	-
China Construction Bank – Fortune SG Industry Select Stock Securities Investment Fund	Domestic non-state-owned legal person	0.19%	5,092,410	5,092,410	-	5,092,410	-	-
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	Domestic non-state-owned legal person	0.19%	5,091,879	-2,325,306	-	5,091,879	-	-
Taikang Life Insurance Co., Ltd. – Universal – Individual Universal Insurance	Domestic non-state-owned legal person	0.18%	4,762,226	1,150,956	-	4,762,226	-	-
The relationship or concerted action of the above mentioned shareholders	None							

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 3. Shareholdings of top ten shareholders of shares without selling restrictions as at the end of the Reporting Period

Shareholdings of top ten shareholders of shares without selling restrictions			
Name of Shareholders	Number of Shares without selling restrictions held at the end of Reporting Period (Share)	Nature of the Shares	
		Nature of the Shares	Number (share)
HKSCC Nominees Limited	1,430,420,309	H shares	1,430,420,309
COSCO Container Industries Limited	432,171,843	A shares	432,171,843
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus -019L-FH002 Shenzhen	20,629,133	A shares	20,629,133
National Social Security Fund Four-One-Eight Combination	12,317,057	A shares	12,317,057
Bosera Value Appreciation Securities Investment Fund	9,125,602	A shares	9,125,602
Bank of China – Invesco Great Wall DingYi Stock Open-End Securities Investment Fund	6,621,141	A shares	6,621,141
CITIC Securities Co., Ltd	5,772,503	A shares	5,772,503
China Construction Bank – Fortune SG Industry Select Stock Securities Investment Fund	5,092,410	A shares	5,092,410
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	5,091,879	A shares	5,091,879
Taikang Life Insurance Co., Ltd. – Universal – Individual Universal Insurance	4,762,226	A shares	4,762,226
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		

Top 10 Shareholders of ordinary shares and the top 10 Shareholders of ordinary shares without selling restrictions did not conduct any agreed repurchase transactions during the Reporting Period.

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### V. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the Directors are aware, as at 31 December 2014, 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 Percentage (%)
China Merchants Group Limited <sup>1</sup>	H Shares	679,927,917(L)	Interest of Corporation Controlled by the Substantial Shareholder	47.53	25.44
COSCO <sup>2</sup>	A Shares	432,171,843(L)	Interest of Corporation Controlled by the Substantial Shareholder	34.79	16.17
	H Shares	173,642,143(L)	Interest of Corporation Controlled by the Substantial Shareholder	12.14	6.50
Hony Capital Management Limited <sup>3</sup>	H Shares	137,255,434 (L)	Interest of Corporation Controlled by the Substantial Shareholder	9.60	5.14
Templeton Asset Management (Singapore) Ltd.	H Shares	108,251,398 (L)	Investment Manager	7.57	4.05

(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 2014, 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.



## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

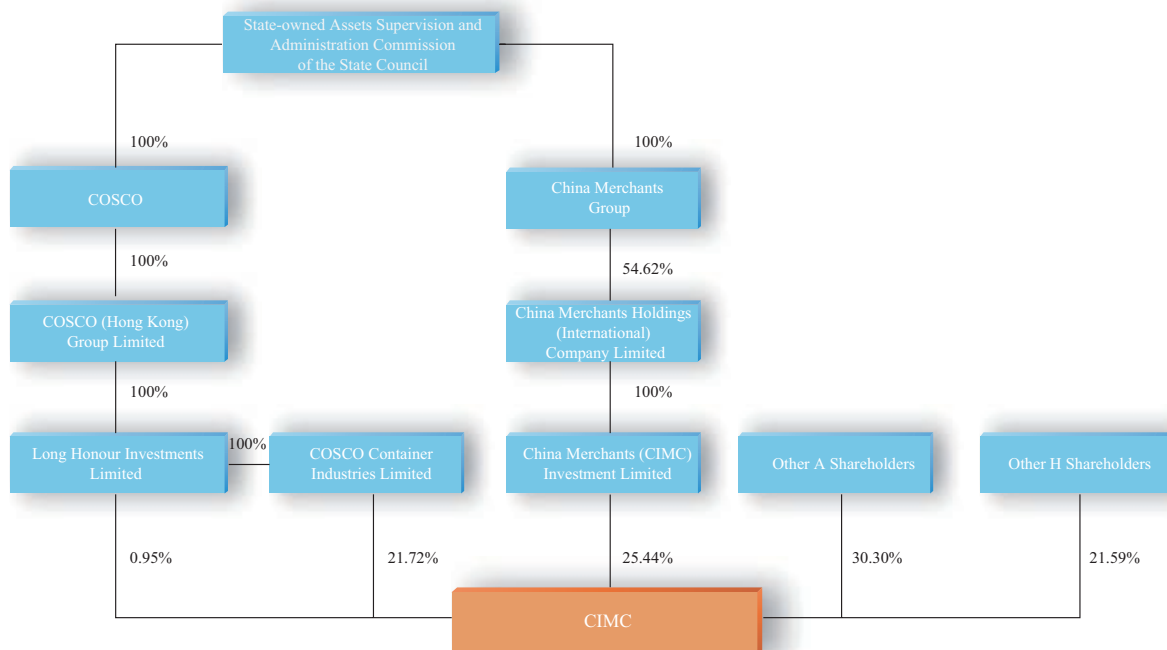
### Substantial Shareholders

China Merchants Group Limited was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10.05 billion and its chairman is Li Jianhong. 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.

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

Equity interest structure between the Company and the substantial Shareholders (As at 31 December 2014)



## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### VI. INFORMATION ON ACTUAL CONTROLLERS

#### 1. Controlling Shareholders of the Company

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

#### 2. Actual Controllers

There is 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.

#### 3. Other Corporate Shareholders with a Shareholding Above 10%

Name of the corporate shareholder	Legal representative/ Company leader	Date of establishment	Organisation 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

#### 4. Share Purchasing Plan Proposed or Implemented by Shareholders or Persons Acting in Concert with Them 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 Limited	65,099,638	4.55%	–	–	25 December 2013	–
Broad Ride Limited	77,948,412	5.45%	–	–	25 December 2013	–

## CHAPTER 8 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### VII. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as of the Latest Practicable Date 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.

### VIII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

There were no preferred share in the Company during the Reporting Period.

# CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

## I. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISOR AND SENIOR MANAGEMENT

### 1. Directors

Information on the current Directors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (Share)	
					As at 31 December 2013	As at 31 December 2014
Li Jianhong	M	58	Chairman and Non-executive Director	three years from 28 June 2013	None	None
Zhang Liang	M	60	Deputy chairman and Non-executive Director	three years from 7 March 2013	None	None
Mai Boliang	M	55	Executive Director and President	three years from 28 June 2013	494,702	494,702
Wang Hong	M	52	Non-executive Director	three years from 28 June 2013	None	None
Wu Shuxiong	M	60	Non-executive Director	three years from 27 September 2013	None	None
Li Kejun	M	63	Independent Non-executive Director	three years from 28 June 2013	None	None
Pan Chengwei	M	68	Independent Non-executive Director	three years from 28 June 2013	None	None
Wong Kwai Huen, Albert	M	63	Independent Non-executive Director	three years from 28 June 2013	None	None

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

Brief biography of Directors:

**Mr. Li Jianhong (李建紅)**, aged 58 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 also holds the position of president of China Merchants Group. Mr. Li has been the vice chairman and an executive director of China Merchants International (Hong Kong stock code: 144) since October 2010, and the chairman and an executive director of China Merchants International since May 2014. Mr. Li has been the Chairman of China Merchants Bank since July 2014. 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) from November 2010 to August 2014. 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. Zhang Liang (張良)**, aged 60, had been the vice chairman and president of COSCO (Hong Kong) Group Limited since November 2011 and took up the post of the vice chairman of COSCO International Holdings Limited (HK stock code: 0517) on 24 February 2012. Mr. Zhang served as the executive director and general manager of COSCO Holdings Company Limited (HK stock code: 1919; Shanghai stock code: 601919) from December 2009 to November 2011. He successively held the posts of the general counsel, vice president, general manager, and executive director of China Ocean Shipping Company from November 2006 to November 2011. He served as the deputy general manager and then general manager of COSCO Bulk Carrier Co., Ltd. from December 1997 to December 2006. He served successively as the deputy director and director of the personnel department, assistant general manager, and quality & safety manager of Tianjin Ocean Shipping Company (now known as COSCO Bulk Carrier Co., Ltd.) from June 1991 to December 1997. Mr. Zhang begun his work in Tianjin Ocean Shipping Company in February 1977 and became a captain in June 1991. Mr. Zhang Liang held the positions of the chairman of COSCO Bulk Carrier Co., Ltd., Qingdao Ocean Shipping Co., Ltd., and Shenzhen Ocean Shipping Co., Ltd. and the chairman of the board of COSCO (H.K.) Shipping Co., Ltd. Mr. Zhang has over 30 years of experience in the shipping industry and has extensive experience in corporate operational management. He is also the vice president of Hong Kong Chinese Enterprises Association and vice chairman of Hong Kong Shipowners Association. Mr. Zhang graduated from Dalian Maritime University in 1977 with a bachelor degree in ship steering, Shanghai Maritime University with a master's degree in transportation planning and management in 1998, and Nankai University in 2003 with a doctor's degree in business administration. He is a senior engineer.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Mai Boliang (麥伯良)**, aged 55 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 52, has been a Director of the Company since April 2007. Mr. Wang has been 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, the Chairman of the Supervisory Committee of China Merchants Energy Shipping Co., Ltd since April 2014, an Independent Director of Guangzhou Shipyard International Company Limited since June 2014. Mr. Li has been the a director of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (Shanghai stock code: 601872) from May 2010 to April 2014, and an director of China Merchants Property Development Co., Ltd. (Shenzhen stock code: 000024), also a company listed in Singapore, from April 2011 to July 2014. 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 60 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: 517) 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 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Li Kejun (李科浚)**, aged 63, 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.

**Mr. Pan Chengwei (潘承偉)**, aged 68, 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 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 (王桂墳)**, aged 63, BBS, 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. He once was 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., Hua Hong Semiconductor Limited, and Vinda International Holdings Limited. 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, Hospital Authority and Competition Commission successively. He is the Honorary 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.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### 2. Supervisors

Information on the current Supervisors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (Share)	
					As at 31 December 2013	As at 31 December 2014
He Jiale	M	60	Chairman of the Supervisory Committee	three years from 27 September 2013	0	0
Wong Sin Yue, Cynthia	F	62	Supervisor	three years from 28 June 2013	0	0
Xiong Bo	M	55	Supervisor	three years from 4 December 2013	0	0

Brief biography of the Supervisors:

**Mr. He Jiale (何家樂)**, aged 60, 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) from May 2012 to February 2014. He was an executive director of COSCO International Holdings Limited (HK stock code: 517) 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 62, 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-executive director of China Gas Holdings Co., Ltd (HK stock code: 384) since October 2003, and further been appointed as chairlady of its Board (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 55, 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.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### 3. Senior Management

Information on current members of the Senior Management is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (Share)	
					As at 31 December 2013	As at 31 December 2014
Mai Boliang	M	55	President	three years from 21 March 2013	494,702	494,702
Zhao Qingsheng	M	62	Vice President	until 23 March 2015	None	None
Wu Fapei	M	56	Vice President	three years from 21 March 2013	None	None
Li Yinhui	M	47	Vice President	three years from 21 March 2013	None	None
Liu Xuebin	M	55	Vice President	three years from 21 March 2013	2,400	2,400
Yu Ya	M	59	Vice President	three years from 21 March 2013	None	None
Zhang Baoqing	M	58	Vice President	until 21 March 2015	None	None
Yu Yuqun	M	49	Secretary to the Board	three years from 21 March 2013	None	None
Jin Jianlong	M	61	General Manager of Financial Department	three years from 21 March 2013	None	100,000
Zeng Beihua	F	60	General Manager of Capital Management Department	three years from 21 March 2013	None	250,000

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

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 62, 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 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 56, 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 47, 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. 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, an MBA degree from School of Business in Nanjing University in December 1997 and Ph.D. in economics from Jilin University in June 2001.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Liu Xuebin (劉學斌)**, aged 55, 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 59, 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 58, 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. (中集集團集裝箱控股有限公司) (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.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Yu Yuqun (于玉群)**, aged 49, 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 respectively since March 2011 and 2012. 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 61, 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 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 60, 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. Zeng 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.



## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

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

Name	Position	Job state	Gender	Age	Start of term of office	End of term of office	Number of shares held at the beginning of the Reporting Period (share)	Number of added shares held for the current period (share)	Number of reduced shares held for the current period (share)	Number of shares held at the end of the Reporting Period (share)
Jin Jianlong	General Manager of Financial Department	Current	M	61	21 March 2013	until the date of annual board meeting for 2016	0	100,000	0	100,000
Zeng Beihua	General Manager of Capital Management Department	Current	F	60	21 March 2013	until the date of annual board meeting for 2016	0	250,000	0	250,000
Total	--	--	--	--	--	--	0	350,000	0	350,000

### Interests of Directors, Supervisors and Chief Executives in the Share Capital of the Company and associated corporation thereof

As at 31 December 2014, 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 (share)	Nature of the Shares
Mai Boliang	Beneficial interest	494,702	A Shares

#### 2. Interest in the underlying shares of the Company

As at 31 December 2014, none of any 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
Mai Boliang	CIMC Enric	Beneficial interest	3,260,000

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### III. MAIN WORKING EXPERIENCE 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 5 years, please refer to "I. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" in this Chapter.

The 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	Chairman	2 July 2014	–	Yes
	China Merchants Holdings (International) Company Limited	Chairman of the Board and Executive Director	9 May 2014	–	No
Zhang Liang	COSCO (Hong Kong) Group Co., Ltd.	Vice Chairman and President	November 2011	–	Yes
Wang Hong	China Merchants Group Limited	General Manager of Corporate Planning Department	1 February 2011	–	Yes
	China Merchants Holdings (International) Company Limited	Chief Economist	29 February 2012	–	Yes
	China Merchants Holdings (International) Company 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
Wong Sin Yue, Cynthia	China Merchants Holdings (International) Company Limited	Deputy General Manager	July 2004	–	Yes

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

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 Bank	Chairman	10 July 2014	–	No
Zhang Liang	COSCO International Holdings Limited	Vice Chairman	24 February 2012	–	No
Wang Hong	China Merchants Energy Shipping Co., Ltd	Chairman of the Supervisory Committee	15 April 2014	–	No
	Guangzhou Shipyard International Company Limited	Independent Director	30 June 2014	–	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	25 May 2011	–	Yes
Wong Kwai Huen, Albert	PICC Asset Management Co., Ltd.	Independent Non-executive Director	18 February 2013	–	Yes
He Jiale	COSCO International Holdings Limited	Executive Director	10 April 2012	–	No
Wong Sin Yue, Cynthia	China Gas Holdings Co., Ltd	(Independent Non-executive) Chairman of Board	March 2011	–	Yes
	China Gas Holdings Co., Ltd	Independent Non-executive Director	October 2003	–	Yes

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

In accordance with the provisions of the Articles of Association, remuneration of the Company's Directors and Supervisors shall be determined by the General Meeting, while remuneration of the Senior Management shall be determined by the Board. During the Reporting Period, the Directors 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) shall receive remuneration from the Company or its subsidiaries.

The Company has established complete salary system and remuneration regulations, and the Company adopts annual salary system. The Board of the Company shall pay remuneration to the Senior Management according to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board"

Through the agreement of the Board and the General Meeting, the Independent Directors are awarded with RMB200,000 as independent allowance during the Reporting Period. In addition, Independent Directors didn't receive other remuneration during the Reporting Period. The staff representative Supervisor Mr. Xiongbo received remuneration from the Company due to the other position he held at the Company.

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

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### 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
<b>Directors:</b>							
Li Jianhong	Chairman and Non-executive Director	M	58	Current	-	-	-
Zhang Liang	Deputy chairman and Non-executive Director	M	60	Current	-	-	-
Mai Boliang (Note (1))	Executive Director and President	M	55	Current	5,745	-	5,745
Wang Hong	Non-executive Director	M	52	Current	-	-	-
Wu Shuxiong	Non-executive Director	M	60	Current	-	-	-
Li Kejun	Independent Non-executive Director	M	63	Current	200	-	200
Pan Chengwei	Independent Non-executive Director	M	68	Current	200	-	200
Wong Kwai Huen, Albert	Independent Non-executive Director	M	63	Current	200	-	200
<b>Supervisors:</b>							
He Jiale	Chairman of the Supervisory Committee	M	60	Current	-	-	-
Wong Sin Yue, Cynthia	Supervisor	F	62	Current	-	-	-
Xiong Bo (Note (2))	Supervisor	M	55	Current	293	-	293
<b>Senior Management:</b>							
Zhao Qingsheng	Vice President	M	62	Current	4,191	-	4,191
Wu Fapei	Vice President	M	56	Current	3,408	-	3,408
Li Yinhui	Vice President	M	47	Current	3,051	-	3,051
Liu Xuebin	Vice President	M	55	Current	3,442	-	3,442
Yu Ya	Vice President	M	59	Current	4,120	-	4,120
Zhang Baoqing	Vice President	M	58	Current	2,822	-	2,822
Yu Yuqun	Secretary to the Board	M	49	Current	4,782	-	4,782
Jin Jianlong	General Manager of Financial Department	M	61	Current	2,977	-	2,977
Zeng Beihua	General Manager of Capital Management Department	F	60	Current	3,240	-	3,240
<b>Total</b>	-	-	-	-	<b>38,671</b>	-	<b>38,671</b>

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 2014 have been listed in the above table.

## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

### 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 of 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	11.08	21.89	2,850,000	0	-	2,850,000
Zhao Qingsheng	Vice President	375,000	0	11.08	21.89	1,125,000	0	-	1,125,000
Liu Xuebin	Vice President	375,000	0	11.08	21.89	1,125,000	0	-	1,125,000
Wu Fapei	Vice President	250,000	0	11.08	21.89	750,000	0	-	750,000
Li Yinhui	Vice President	250,000	0	11.08	21.89	750,000	0	-	750,000
Yu Ya	Vice President	250,000	0	11.08	21.89	750,000	0	-	750,000
Zhang Baoqing	Vice President	250,000	0	11.08	21.89	750,000	0	-	750,000
Yu Yuqun	Secretary to the Board	250,000	0	11.08	21.89	750,000	0	-	750,000
Jin Jianlong	General Manager of Financial Department	250,000	100,000	11.08	21.89	750,000	0	-	750,000
Zeng Beihua	General Manager of Capital Management Department	250,000	250,000	11.08	21.89	750,000	0	-	750,000
Total	-	3,450,000	350,000	-	-	10,350,000	0	-	10,350,000

### 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". 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.



## CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

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

Name	Position	Type	Date	Reasons
Li Kejun	Independent Non-executive Director	Retired	20 October 2014	Resign for personal reasons, and his resignation shall take effect after the engagement of new independent director of the Company

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

On 10 February 2015, the Company's Supervisory Committee shall receive a written resignation of Wong Sin Yue, Cynthia as Supervisor. Wong Sin Yue, Cynthia shall resign from Shareholder Representative Supervisor of the Company due to job changes. In accordance with the Articles of Association, should the number of members of Supervisory Committee of the Company fall below the statutory minimum due to the withdrawal of Wong Sin Yue, Cynthia, she shall continue to fulfill the duties of Supervisor before her resignation takes effect on the approval date of the new Supervisor on shareholders' general meeting. On 25 March 2015, the Supervisory Board proposed to appoint Mr. Wang Zhixian as a Supervisor representing shareholder of the seventh session of the Supervisory Committee of the Company. According to the Articles of Association, the proposed appointment of the Supervisor is subject to approval by the Shareholders at the general meeting of the Company. For further details on the biography of Mr. Wang Zhixian and the proposed appointment of the Supervisor, please refer to the announcement of the Company published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 25 March 2015 as well as the announcement (Notice No.: [CIMC] 2015-017) released on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 25 March 2015.

### 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 groups or key technicians (excluding Directors, Supervisors and Senior Management) remain unchanged.

# CHAPTER 9 INFORMATION ON DIRECTORS, SUPERVISOR, SENIOR MANAGEMENT AND EMPLOYEES

## VIII. EMPLOYEES OF THE COMPANY

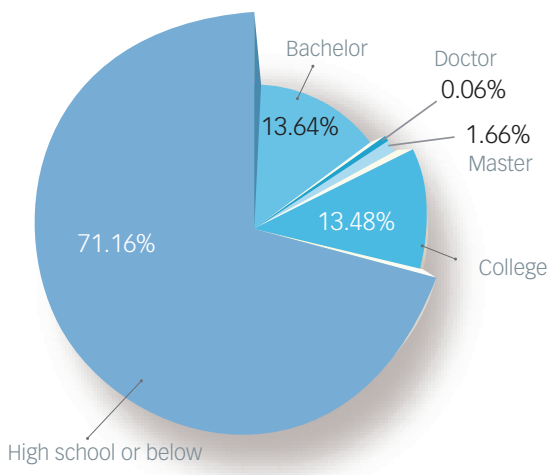
As at 31 December 2014, the Group had a total of 61,390 employees.

Number of in-service employees 61,390  
 Number of retired employees whose expense should be assumed by the Company 0

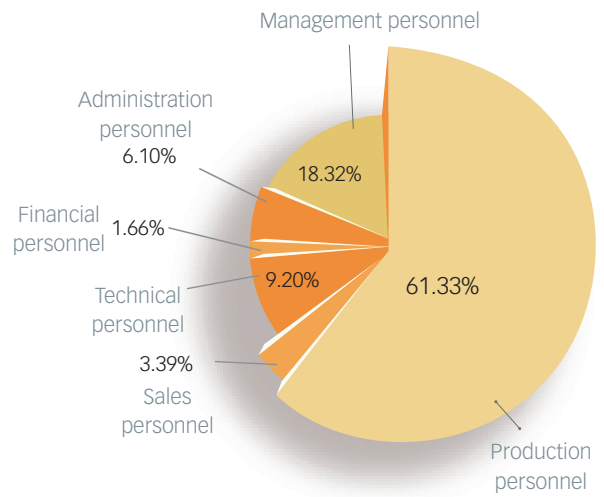
Professional composition		
Professional composition	Number of employees	Percentage of total no. of employees (%)
Management personnel	11,246	18.32
Production personnel	37,652	61.33
Sales personnel	2,081	3.39
Technical personnel	5,647	9.20
Financial personnel	1,017	1.66
Administration personnel	3,747	6.10

Education background		
Education degree	Number of employees	Percentage of total no. of employees (%)
PHD	37	0.06
Master	1,017	1.66
Bachelor	8,372	13.64
College	8,278	13.48
Senior high school or below	43,687	71.16

Education Background



Professional Composition



# 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 Company 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 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 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.

In 2014, the Company continued to place emphasis on and was committed to improving investor relations management by following the principles of “full disclosure of information, compliance disclosure of information, equal opportunity for all investors, honesty and integrity, high efficiency and low consumption, and interactive communication”, in the interest of minority investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with shareholders and investors. In 2014, the Company received multiple securities brokers, funds and other institutional investors involved in related researches, who visited the Company’s production bases for its offshore engineering equipment, energy and chemical equipment and road vehicle businesses; in order to guarantee the right to know of small and medium investors, the Company arranged more than 10 stockholder representatives to visit and survey the Company’s production bases in Yantai City for its offshore engineering equipment business in July; in the same month, the Company invited more than 10 minority shareholder representatives to participate in its Fourth CIMC Science and Technology Festival, which not only greatly enhances the confidence of medium and small investors but also strengthens their sense of belonging in the Company, thus contributing to create good shareholders culture; in March and August, the Company held Disclosure of Result of 2013 and Disclosure of Interim Result of 2014 in Hong Kong, having received financial media, analyst and other institutional investors from Hong Kong, and provided live broadcast of the meetings to domestic investors through the live webcasting platform of Shenzhen Securities Information Co., Ltd.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Any differences between Corporate Governance and “PRC Company Law” and relevant requirements of China’s Securities Regulatory Commission

Yes  No

No difference between Corporate Governance and “PRC 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 2014. During the Reporting Period, no unpublished information was submitted to substantial shareholders by the Company.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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
2013 Annual General Meeting of China International Marine Containers (Group) Co., Ltd.	27 June 2014	(1) "Annual Work Report of Board of 2013", (2) "Annual Work Report of Board of Supervisors of 2013", (3) "Annual Report of 2013", (4) "Pre-Plan of Annual Profit Distribution and Dividends of 2013", (5) "Proposal for employing accounting firm", (6) "Proposals for providing grant of bank credit and project to the subsidiaries in 2014 ", (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 on remuneration of independent directors", (11) "Proposals for the General Meeting to give ordinary authorization to the Board on issuing the shares"	Considered and reviewed one by one	30 June 2014	Cninfo website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) Hong Kong Stock Exchange website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> )

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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 2014	7 March 2014	(1) "Proposals for China International Marine Containers (Group) Co., Ltd. to issue overseas-listed foreign share(s) (H share) to COSCO Container Industries Limited based on the ordinary authorization", (2) "Proposals for China International Marine Containers (Group) Co., Ltd. to issue overseas-listed foreign share(s) (H share) to Broad Ride Limited based on the ordinary authorization", (3) "Proposals for China International Marine Containers (Group) Co., Ltd. to issue overseas-listed foreign share(s) (H share) to Promotor Holdings Limited based on the ordinary authorization", (4) "Proposals for reelecting Mr. Zhang Liang as the candidate for the 7th Board"	Considered and reviewed one by one	8 March 2014	Cninfo website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) Hong Kong Stock Exchange website ( <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> )

### III. Performance of Independent Directors' Duties during the Reporting Period

In 2014, 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 and special committees of the Board (please refer to the section headed "Report of the Board" of this 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 Directors of the Company did not object to any motions, resolutions and other matters discussed at the meetings of the Board.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 1. Independent Directors' attendance to the Board and the General Meeting

Independent Directors' attendance to the Board							Not personally attend two consecutive meetings
Name of Independent Director	Attending times to the Board	Attendance times	Attending times by means of telecommunication	Entrusted attendance times	Absence times		
Li Kejun	20	2	18	0	0	No	
Pan Chengwei	20	2	18	0	0	No	
Wong Kwai Huen, Albert	20	2	18	0	0	No	
Times of Independent Directors to attend the shareholders' general meeting	2 (Please refer to "(2) Attendance of the Directors at the shareholders' general meetings" of "4. Shareholders and Shareholders' General Meetings" of "Part II: Corporate Governance Report" (prepared in accordance with the Requirements of the Hong Kong Listing Rules) in this Chapter for details)						

### 2. Independent Directors' opposition to relevant proposals of the Company

During the Reporting Period, the Independent 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 Directors

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

The Board 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" 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 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.



## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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, 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; (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-patent 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 Note VI.5 to "Chapter 13 Financial Statements Prepared in Accordance with CASBE" in this Report.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE 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", 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 "CHAPTER 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.2.7, A.6.7 and E.1.2, the details of "Corporate Governance Code" 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. 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.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### II. The Board

#### (I) Functions of the Board

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 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 makes decisions on certain important matters, including: the Company's business plans and investment programs; annual financial budget and final accounts; profit distribution plan; increase or decrease of registered capital, the issuance of bonds or other securities and listing program; major acquisition program; foreign investment, acquisition and sale of assets, pledge of assets, and external security; appointment or dismissal of the Company's president, vice president, chief financial officer and other senior management and their remuneration, incentive issues and other major matters. The Directors and the Board 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.

#### (II) Composition of the Board

The Company's Board consists of eight directors, among which there are one Chairman, one Vice Chairman and three Independent Non-executive Directors. Current Directors include: Non-executive Director Li Jianhong (Chairman), Zhang Liang (Vice Chairman), Wang Hong, Wu Shuxiong, Executive Director Mai Boliang and three Independent Non-executive Directors as Li Kejun, Pan Chengwei and Wong Kwai Huen, Albert. Among the current Directors, the four Non-executive Directors have a vast and extensive experience in business and management; the three Independent Non-executive Directors own academic and professional qualifications and rich experience respectively in shipping, finance, legislation and management, and have influence in related industries and actively undertake their duties, especially Pan Chengwei, who has the appropriate accounting and financial management expertise in compliance with the requirements in Rule 3.10 of Hong Kong Listing Rules. This helps the Board of the Company rigorously review and monitor management procedures to ensure the interests of all shareholders, including minority shareholders. Personal information of all the directors of the Company and their terms of office are contained in the section headed "Brief Biography of the Directors" under "Chapter 9 Directors, Supervisors, Senior Management and Employees" of this Report. The composition of the Board of the Company complies with the Rule 3.10(1), (2) and Rule 3.10A of the Hong Kong Listing Rules.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The Company has established a system of independent non-executive Directors. There are three independent non-executive Directors in the Board, 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. 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.

There are no financial, business, family or other significant/related relationships among the Board members, Chairman and President.

### (III) Board Meeting

#### 1. Attendance Rate

Pursuant to the provisions of Articles of Association of the Company, the Board shall convene at least four meetings each year. In 2014, the Board of the Company convened 20 meetings, including 2 on-site meetings and 18 meetings in writing. In 2014, the attendance of all directors to the Board meetings is as follows:

Name	Positions	Board		Attendance Rate (%)
		Personal attendance times	Represented attendance times	
Li Jianhong	Chairman and Non-executive Director	20	0	100
Zhang Liang	Deputy chairman and Non-executive Director	20	0	100
Mai Boliang	Executive Director and President	20	0	100
Wang Hong	Non-executive Director	19	1	100
Wu Shuxiong	Non-executive Director	20	0	100
Li Kejun	Independent Non-executive Director	20	0	100
Pan Chengwei	Independent Non-executive Director	20	0	100
Wong Kwai Huen, Albert	Independent Non-executive Director	20	0	100

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 2. The Convening of Board Meetings and the Resolution Considered

The Board of the Company convened 20 meetings of Board and 18 meetings of special Board committees and passed 30 resolutions of the Board and 22 letters of opinions from Board committees during the Reporting Period.

Session of meeting	Date of meeting	Resolutions considered
The 1st meeting of the 7th session of the Board in 2014	9 January 2014	Resolution on establishing CIMC Modern Logistics Co., Ltd. (intended name).
The 2nd meeting of the 7th session of the Board in 2014.	20 January 2014	Resolution on holding the first Extraordinary General Meeting in 2014.
The 3rd meeting of the 7th session of the Board in 2014	28 February 2014	Resolution on establishing "Dongguan CIMC Logistics Equipment Co., Ltd. (intended name)".
The 4th meeting of the 7th session of the Board in 2014	On the morning of 7 March 2014	Resolution on electing a director to hold the first Extraordinary General Meeting in 2014
The 5th meeting of the 7th session of the Board in 2014	On the afternoon of 7 March 2014	Resolution on election of Vice Chairman and by-election for member of the Strategic Committee; and Resolution on capital increase of CIMC Raffles Offshore (Singapore) Private Limited.
The 6th meeting of the 7th session of the Board in 2014	25 March 2014	Resolution of the 6th meeting of the Board in 2014; Resolution on implementation of routine connected transactions of 2013. Resolution on provision for profit-sharing funds of 2013; and Resolution on financing arrangements of 2014.
The 7th meeting of the 7th session of the Board in 2014	25 April 2014	Resolution on the First Quarterly Report of 2014.
The 8th meeting of the 7th session of the Board in 2014.	12 May 2014	Resolution of the 8th meeting of the 7th session of the Board in 2014; Resolution on providing grant of bank credit and project to the subsidiaries in 2014; Resolution on CIMC Vehicle (Group) Co., Ltd. to provide credit guarantee of bank credit to its subsidiaries; Resolution on CIMC Vehicle (Group) Co., Ltd. and its subsidiaries to provide credit guaranty to their affiliated dealer and clients; and Resolution on that the CIMC Group Finance Co., Ltd. applies to manage overseas guarantee business for member companies of the Group.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Session of meeting	Date of meeting	Resolutions considered
The 9th meeting of the 7th session of the Board in 2014	27 May 2014	Resolution on buying H Shares issued by "Qingdao Port International Co., LT" as a strategic investor.
The 10th meeting of the 7th session of the Board in 2014	6 June 2014	Resolution on establishing Ningbo CIMC Yinzhou Logistics Equipment Co., Ltd.
The 11th meeting of the 7th session of the Board in 2014	12 June 2014	No resolution.
The 12th meeting of the 7th session of the Board in 2014	26 June 2014	Resolution on electing a director to hold the General Meeting in 2013.
The 13th meeting of the 7th session of the Board in 2014	27 June 2014	Resolution on matters concerning non-public offering of overseas-listed foreign share(s) (H share) of China International Marine Containers (Group) Co., Ltd.
The 14th meeting of the 7th session of the Board in 2014	10 July 2014	Resolution on "Nantong CIMC Large Tank Limited" to inject 100% equity into CIMC Enric.
The 15th meeting of the 7th session of the Board in 2014	16 July 2014	Resolution on capital increase C&C Trucks Co., Ltd. and selling part of its equity held by Wuhu Terry.
The 16th meeting of the 7th session of the Board in 2014	14 August 2014	Resolution on capital increase of Qingdao CIMC Special Reefer Co., Ltd. (QDCSR) Corporation; and Resolution on adjusting the exercise price of A Shares' option incentive scheme.
The 17th meeting of the 7th session of the Board in 2014	25 August 2014	Resolution of the 17th meeting of the Board in 2014; Resolution on increasing the amount of second-phase issuance of U.S. commercial papers of CIMC to US\$500 million; and Resolution on adjusting the list of subsidiaries provided with the grant of bank credit and project in 2014.
The 18th meeting of the 7th session of the Board in 2014	17 October 2014	Resolution on cancelling the unexercised share option during the first exercisable period granted for A Shares on 28 September 2010.
The 19th meeting of the 7th session of the Board in 2014	27 October 2014	Resolution on the Third Quarterly Report of 2014;
The 20th meeting of the 7th session of the Board in 2014	17 December 2014	Resolution on continuing connected transaction between the Group and COSCO Pacific Limited.

"Corporate Governance Code" A.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals". During the reporting period, the Company held the 20 board meetings and 2 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.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

“Corporate Governance 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.

“Corporate Governance 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, i.e. Li Kejun and Wong Kwai Huen, Albert, failed to attend the First Extraordinary General Meeting of 2014 held on 7 March 2014 due to engagement in other important businesses.

### (IV) Responsibilities and Authorities of the Board and Management

The Board and management have different responsibilities and authorities. For details of responsibilities of Board, please refer to Article 163 of the Articles of Association, and for the brief overview, see 1. Functions of the Board under II. BOARD of Part 2 in this Chapter hereof. The management is responsible for daily operation and accountable to Board by timely providing adequate data to it and its committees to ensure their informed decision-making, and the directors have the right to request further data from the management of the Company.

### (V) 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 Article 171 of 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, responsible for strategic development, urging inspecting the implementation of Board resolutions, signing certificates of securities issued by the Company, and performing duties and power of legal representative and others authorised by the Board.

Pursuant to Article 228 of the Articles of Association, the primary duties and responsibilities of the President are managing production and operation and reporting to the Board, 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 to appoint or dismiss Vice Presidents and the Chief Financial Officer, appointing or dismissing management staff other than those that should be appointed or dismissed by the Board, developing employees’ salary, benefits, rewards and punishments, deciding on appointing or dismissing of employees; proposing to hold Extraordinary General Meeting of the Board; and performing other duties and power authorised by the Articles of Association or the Board.



## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (VI) Term of Office and Service Contracts 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. The appointment and dismissal of directors shall be considered and approved at the general meeting of the Company, and Directors Service Contracts shall be signed between the Company and relevant directors. During this year, the changes of directors of the Company are listed in "VI. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THIS YEAR" of "Chapter 9 Directors, Supervisors, Senior Management and Employees" in this Report.

Chairman Li Jianhong, Director Mai Boliang and Director Wang Hong signed the Service Contract with the Company on 5 December 2012. Main details of such Service Contracts include: (1) The Service Contracts shall be valid from the listing date (19 December 2012) to the 2012 Annual General Meeting convened in June 2013. Upon the expiry, they can be renewed for another three years; or (2) terminated in accordance with respective terms stipulated therein. Vice Chairman Zhang Liang signed the Service Contract with the Company on 7 March 2014. Main details of such Service Contracts include: (1) The Service Contracts shall be valid from the first Extraordinary General Meeting in 2014 (7 March 2014) to the 2015 Annual General Meeting. Upon the expiry, they can be renewed for another three years; or (2) terminated in accordance with respective terms stipulated therein. Director Wu Shuxiong signed the Service Contract with the Company on 27 September 2013. (1) The Service Contracts shall be valid from the first Extraordinary General Meeting in 2013 (27 September 2013) to the 2015 Annual General Meeting. Upon the expiry, they can be renewed for another three years; or (2) terminated in accordance with respective terms stipulated therein. The Service Contracts can be updated according to the Articles of Association of the Company and applicable laws, rules and regulations.

The term of the Independent Non-executive Directors of the 7th session of the Board, i.e. Mr. Li Kejun, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert starts from 28 June 2013 to 28 June 2013. The above three Independent Non-executive Directors signed the Service Contracts with the Company on 28 June 2013.

All Supervisors, i.e. He Jiale, Wong Sin Yue, Cynthia and Xiong Bo signed contracts respectively on 27 September 2013, 5 December 2012 and 4 December 2013 with the Company on (including) compliance with relevant laws and regulations, the Articles of Association and Arbitration Clause.

For details of the term of current directors and supervisor, please refer to "I. Brief Biography of the Directors, Supervisors and Senior Management" of "Chapter 9 Directors, Supervisors, Senior Management and Employees" of this Report.

Apart from the foregoing, no Director or Supervisor has a service contract (which is not terminable by the Company within one year without payment of compensation other than statutory compensation) with the Company.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (VII) 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 and shareholders' general meeting, each of the independent non-executive Directors received an allowance of RMB200,000 every year. Other than that, the Company did not provide other remuneration to the independent non-executive Directors during this year. During this year, the remuneration details of directors of the Company are listed in "IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THIS YEAR" of "Chapter 9 Directors, Supervisors, Senior Management and Employees" in this Report. 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.

### (VIII) Interests of Directors

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

During the Reporting Period, none of the Directors or Supervisors of the Company had any material personal interests, either directly or indirectly, in any 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.

### (ix) Measures to Ensure Director's Fulfillment of Responsibilities

1. Upon assumption of duty by Directors, the Company shall provide relevant instruction materials, followed by those about the Company's business and operation on a regular basis, send them dynamic data on relevant new laws and regulations and internal publications from time to time, and organize relevant continuous professional training for them at the Company's cost, so as to help directors fully understand their responsibilities prescribed in the Hong Kong Listing Rules and other relevant laws and regulations, and comprehensively understand the operation of the Company in a timely manner. In order to ensure the fulfillment of responsibilities by Independent Non-executive Directors, the Company shall also organize them for field visits and to fully communicate with Chief Financial Officer and Auditor.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

2. To ensure their continued development and update of knowledge and skills for better performance of their duties, Directors of the Company attended the training provided by auditors or the CSRC Shenzhen Bureau. According to records kept by the Company, in 2014, directors of the Company accepted the following trainings:

Name	Positions	Laws, regulations and rules and other reading materials
Li Jianhong	Chairman and Non-executive Director	(1) Disclosure of inside information, the latest changes of and discussions in the market on recent regulations related to corporate governance, best practices to improve the operational efficiency of the Board, update of "Code on Corporate Governance Practices" for Hong Kong-listed companies; updated programs of International Accounting Standards, Accounting Standards for Business Enterprises of PRC, and tax; and
Zhang Liang	Deputy chairman and Non-executive Director	
Mai Boliang	Executive Director and President	(2) warnings and education exhibition about insider dealings in Shenzhen area under administration, including: Background situation, basic knowledge, the legal system, supervision and law enforcement, warning cases, relevant video information, etc.
Wang Hong	Non-executive Director	
Wu Shuxiong	Non-executive Director	
Li Kejun	Independent Non-executive Director	
Pan Chengwei	Independent Non-executive Director	
Wong Kwai Huen, Albert	Independent Non-executive Director	

3. The Company shall engage an Auditor, an independent financial adviser, a lawyer and other relevant independent professionals for independent professional advice when commenting on matters such as external guarantees, capital occupation and connected transactions of the Company, in order to assist the Directors in fulfilling their responsibilities.
4. Concerning possible legal risks that directors, supervisors and senior management of the Company might face during their fulfillment of responsibilities, the Board, the Company contracted with Ping An Property & Casualty Insurance Company of China, Ltd. on Ping An liability insurance for directors, supervisors and senior management" with a term of 1 years and a compensation limit of RMB100 million/year.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### III. Special Committees of the Board

Under the Board there are Remuneration and Appraisal Committee, Nomination Committee, Strategy Committee, and Audit Committee whose main responsibility is to support the decision-making of the Board. Directors who participate in the special committees focus on the research of certain issues based on division of work to make recommendations on the improvement of management in the Company.

#### (I) Remuneration and Appraisal Committee

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

The main duties and responsibilities of the Remuneration and Appraisal Committee of the Company 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; carry out 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 7th Session	Mr. Li Kejun (Chairman)	2	0
	Mr. Pan Chengwei	2	0
	Mr. Wong Kwai Huen, Albert	2	0
	Mr. Wang Hong	2	0
	Mr. Wu Shuxiong	2	0

##### 3. Work of the Remuneration and Appraisal Committee during the Reporting Period

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

Session of meeting	Date of meeting	Resolutions considered
The 1st meeting of the 7th session of the Board in 2014	24 March 2014	Audit opinion on the disclosure of remuneration of directors, supervisors and senior management of the Company
The 2nd meeting of the 7th session of the Board in 2014	27 June 2014	No resolution

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 4. Decision Process for Remuneration

The appraisal procedures of the Company's Remuneration and Appraisal Committee include: (i) Determine the list of staff to be appraised; (ii) the staff to be appraised make work report and self-evaluation to the Remuneration and Appraisal Committee of Board; (iii) the Remuneration and Appraisal Committee evaluates the performance of the staff based on the evaluation criteria and procedures; and (iv) propose the remuneration scheme or recommendation of the staff based on their results of performance evaluation and the remuneration distribution policy, and report it to the Board after passing the vote.

Article 14 of the implement rules of the Remuneration and Appraisal Committee prescribes that: "The remuneration plan of the Company's directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for discussion and consent, and then submitted to the shareholders' general meeting for consideration and approval before implementation; The remuneration distribution plan of senior management shall be submitted to the Board for examination and approval before implementation." It applies the model in (ii) of Rule B.1.2(c) in Appendix 14 of the Hong Kong Listing Rules.

### (II) Nomination Committee

#### 1. 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 annually on a regular basis and make recommendations on any proposed changes to the Board to keep in line with the Company's strategy; 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 reappointment 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); to fully consider the Company's policy on diversity of Board members when fulfilling responsibilities, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge; and to review, where appropriate, the Company's policy on diversity of Board members as well as the measurable goals and progress of the policy implementation to ensure its efficiency; and to perform other duties authorized by the Board.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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)	1	0
Mr. Li Jianhong	1	0
Mr. Pan Chengwei	1	0

### 3. Work of the Nomination Committee during the Reporting Period

The Nomination Committee held 1 meetings during the Reporting Period, and the proposals they deliberated are as follows:

Session of meeting	Date of meeting	Resolutions considered
The 1st meeting in 2014	24 March 2014	Meeting record

### 4. Amending the Working Rules for Nomination Committee and Policy of Diversity of the Board Members

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 25 March 2014, which clarified the policy of diversity of the Board members, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, 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. The Board considers that the Company's existing practices have covered requirements on diversity of the Board members.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 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 (the Board), 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 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 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.

### (III) Audit Committee

#### 1. 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.

Member of Audit Committee	Attendance times	Entrusted attendance times
The 7th Session		
Mr. Pan Chengwei (Chairman)	8	0
Mr. Li Kejun	8	0
Mr. Wong Kwai Huen, Albert	8	0



## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 3. Work of the Audit Committee during the Reporting Period

During the Reporting Period, the Audit Committee held 8 meetings. 3 of the meetings of the Audit Committee were held by way of written resolution.

Session of meeting	Date of meeting	Resolutions considered
The 1st meeting of the 7th session of the Board in 2014	11 March 2014	No resolution
The 2nd meeting of the 7th session of the Board in 2014.	20 March 2014	Meeting record Opinion of the Auditing Unit on the job evaluation and proposal of the accountants in 2013 Opinion on the self-assessment report on the internal control of the Company Audit opinion on the financial statements of the Group for 2013 Opinion on implementing the new CASBE Opinion on implementation of routine connected transactions of 2013
The 3rd meeting of the 7th session of the Board in 2014	24 April 2014	Audit opinion on the First Quarterly Report of 2014
The 4th meeting of the 7th session of the Board in 2014	20 June 2014	Opinion on conducting the short-term funds management business
The 5th meeting of the 7th session of the Board in 2014	22 August 2014	Opinion on the Interim Financial Report of 2014 Opinion on implementing the new CASBE.
The 6th meeting of the 7th session of the Board in 2014	24 October 2014	Audit opinion on the Third Quarterly Report of 2014
The 7th meeting of the 7th session of the Board in 2014	16 December 2014	Resolution on continuing connected transaction between the Group and COSCO Pacific Limited
The 8th meeting of the 7th session of the Board in 2014	18 December 2014	Meeting record

### (IV) Strategy Committee

In accordance with the implement rules of the Strategy Committee, the main duties and responsibilities of the committee are: to study and make recommendations on the Company's long-term strategic development plan; on the major investment program that is subject to the approval of the Board; on the major capital operations and asset management projects that shall be subject to the approval of the Board; and to perform other duties authorized by the Board.

Members of Strategy Committee 2 Non-executive Directors and 1 Executive Director. Chairman of the committee is Chairman Li Jianhong, and the members include Vice Chairman Zhang Liang and Director Mai Boliang.

During the Reporting Period, the Strategy Committee of the Company held meetings through interviews, telephone, email, electrocommunication and other methods to discuss important matter of the Company, and keep close contact effectively and make sure the performance of its duties and responsibilities. Meanwhile, the CIMC Investment Review Board under the Strategy Committee also held 7 meetings on investment projects to fully evaluate the Company's major investments, which provided a strong basis for the decision of the Board.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### (V) Corporate Governance Functions

The Board has responsibilities for corporate governance to urge the management to establish compliant organizational structure and systems and abide by the “Corporate Governance Code” and other laws and regulations in daily management. During the Reporting Period, the Board audited the compliance of the Company’s corporate governance policies and guidelines. According to the “Corporate Governance Code”, the Board are responsible for and shall perform the following corporate governance functions during the Reporting Period:

1. Formulate and review the Company’s corporate governance policies and practices;
2. Review and monitor the training and continuous professional development of the Directors and Senior Management;
3. Review and monitor the policies and practices in terms of the Company’s compliance with laws and regulations;
4. Formulate, review and monitor the Code of Conduct for employees and directors; and
5. Review the Company’s compliance with the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report.

### IV. Shareholders and Shareholders’ General Meetings

#### 1. Shareholders’ rights

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 the Article 71 and 72 of the Articles of Association.

The Company has always kept good communication with shareholders by reporting the performance and operations of the Group to shareholders through the disclosures of annual reports, interim reports and quarterly reports, as well as several other formal communication channels. At the same time, the hotline and e-mail services are available for shareholders to express their views or to exercise their rights. The materials on the website are regularly updated to keep shareholders and the public posted on the recent developments of the Company in a timely manner.

The dates, content, delivery methods, announcement methods and shareholders’ voting procedures of the Company’s circulars and notices of the shareholders’ general meeting shall strictly comply with the relevant provisions of the PRC Company Law, the Articles of Association of the Company and the Hong Kong Listing Rules to ensure shareholders to realize their rights to attend the shareholders’ general meeting. Pursuant to the Article 84 of 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 10 days prior to the shareholders’ general meeting. Pursuant to the Article 53 of the Articles of Association, the shareholder(s) are entitled to supervise the operation of the Company, make recommendations or enquiries to the Company.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company held a total of two Shareholders' General Meetings. For the details and resolutions passed and approved in these meetings, please refer to the "II. Relevant Situations of Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period" in this Chapter.

### 2. Attendance of the Directors at the shareholders' general meetings

Positions	Name	Convened 2 Shareholders' general meetings in this Year	
		Attendance times	Attendance Rate (%)
Chairman and Non-executive Director	Li Jianhong	0	0
Deputy chairman and Non-executive Director	Zhang Liang	0	0
Executive Director and President	Mai Boliang	1	50
Non-executive Director	Wang Hong	1	50
Non-executive Director	Wu Shuxiong	1	50
Independent Non-executive Director	Li Kejun	1	50
Independent Non-executive Director	Pan Chengwei	2	100
Independent Non-executive Director	Wong Kwai Huen, Albert	1	50

Code Provision E.1.2 stipulates that "The Chairman of the Board shall attend annual general meetings and invited the chairmen of the Review Board, Remuneration and Appraisal Committee, Nomination Committee and any other committee (as appropriate) to be present at the meetings". Mr. Li Jianhong, the Chairman of the Company, failed to attend the General Meeting of 2013 held on 27 June 2014 due to engagement in other important businesses.

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 ([www.cninfo.com.cn](http://www.cninfo.com.cn)), Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website.

### 3. 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.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### 4. Requisition by shareholders to convene a general meeting

Pursuant to the Articles of Association, shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company are entitled to request the Board 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 to convene a class shareholders' general meeting or extraordinary general meeting and stating the subject of the meeting. If the Board disagrees with the proposal of convening an extraordinary general meeting requested by such shareholders, 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.

Shareholders may also submit their inquiries and questions to the Board in writing by the Company Secretary. For the contact information of Company Secretary, please refer to the "Basic Corporate Profile" in this Report.

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, PRC

Postal Code: 518067

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.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

### VI. Accountability, Audit and Continuing Operations

Directors confirm that they have the responsibility to prepare financial statements for each financial year to truly and fairly reporting of the Group's performance and accounts regarding results and Cash flows within relevant period. The Directors reviewed the financial statement as at 31 December 2014 with the support from the accounting departments, and ensured that the relevant accounting practices and policies are observed and CASBE are complied with in the compilation of the financial statement in order to report the financial position of the Company in a true and fair manner. After due enquiry, the Board consider that the Group has adequate resources to continue operations for the foreseeable future, so it is suitable to adopt continuously operating benchmarks for 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.

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 2014 are in "Chapter 12 Auditor's Report" of this Report.

### VII. Remuneration of the Auditors

For information relating to the remuneration received by the auditors for their services to the Company, please refer to "VIII. ENGAGEMENT AND DISENGAGEMENT OF FIRM OF ACCOUNTANTS" of "Chapter 7 Significant Events" in this Report.

### VIII. 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 Mr. Yu is listed in "I. Brief Biography of the Directors, Supervisors and Senior Management" of "Chapter 9 Directors, Supervisors, Senior Management and Employees" of this Report. In 2014, Mr. Yu received trainings more than 16 hours of advancing his professional skills and knowledge.

Mr. Cheong Sui Fai resigned his post as the assistant company secretary on 7 January 2015, so the Company appointed Ms. Shen Yang as the assistant company secretary. Ms. Shen Yang joined the Company in May 2013 and worked for the Secretariat of the Board. Before joining the Company, Ms. Shen once worked in the investment banking division of China Merchants Securities (Hongkong) Co., Ltd. and the corporate financing division of China Everbright International Limited. Ms. Shen has a master degree in business administration from Hong Kong University and a bachelor degree in management information system from Fudan University. Ms. Shen is a member of the Hong Kong Institute of Chartered Secretaries.

### IX. Investor Relations

For the number of shareholders and nature of shares as at the end of 2014, please refer to "IV. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS" of "Chapter 8 Changes in Share Capital and Information on Shareholders" of this Report.

## CHAPTER 10 CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

In 2014, the Company continued to place emphasis on and committed to improving investor relations management by, in the interest of minority investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with shareholders and investors. In 2014, the Company received multiple securities brokers, funds and other institutional investors involved in related researches, who visited the Company's production bases for its offshore engineering equipment, energy and chemical equipment and road vehicle businesses; in order to guarantee the right to know of minority investors, the Company arranged more than 10 stockholder representatives to visit and survey the Company's production bases in Yantai City for its offshore engineering equipment business in July; in the same month, the Company invited more than 10 minority shareholder representatives to participate in its Fourth CIMC Science and Technology Festival, which not only greatly enhances the confidence of minority investors but also strengthens their sense of belonging in the Company, thus contributing to create good shareholders culture; in March and August, the Company held Disclosure of Result of 2013 and Disclosure of Interim Result of 2014 in Hong Kong, having received financial media, analyst and other institutional investors from Hong Kong, and provided live broadcast of the meetings to domestic investors through the live webcasting platform of Shenzhen Securities Information Co., Ltd.

For details on the reception of investors in 2014, please refer to "17. Registration Form for Reception of the Survey, Communication, Interview and other activities during the Reporting Period" under "Chapter 4 Report of the Board" herein.

In the new year, the Company will further strengthen communication with investors, and commit to increasing investors' understanding of the Company. At the same time, we also hope to get more support and attention from our investors.

### X. Internal Control

The Board reviewed the internal control system of the Group, and believed that the internal control system for the year ended 31 December 2014 functioned properly. For details about the internal control system of the Company for 2014, please refer to the Chapter 11 "Internal Control" of this Report.

### XI. 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](http://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 2014, the Company constantly improved corporate governance and maintained normal operation strictly in accordance with the relevant provisions of the State and the new regulations and documents issued by the CSRC, CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange. During the Reporting Period, the Company amended the Rules of Procedures of the Shareholders' General Meeting, the Rules of Procedures of the Board and the Rules of Procedures of the Board of Supervisors and other important systems, as well as combed the Company's internal control and risk management systems and practices, and defined the Company's recent internal control plans and long-term objectives, principles and tasks of the internal control. This year, the Company's Internal Control Audit Committee held a total of five meetings in strict accordance with the rules of procedures of the Committee, seriously discussing the matters of significance regarding internal controls related to the Company's overall development, such as the implementation of audit opinions on major issues like new regulations by securities regulatory authorities, the annual internal control self-assessment, the internal control assessment and the internal audit of internal controls, as well as the formulation of administrative measures on related routine transactions.

In 2014, the Company's internal control and internal audit teams mainly focused on two tasks: first, to advance the upgrade of internal controls, including full coverage of internal control system, internal control standard certification, layered preparation of internal control manual, development of internal control personnel, and exploration and introduction of IT tool platform to enhance effectiveness of internal audit, laying process foundation for the effective running of 5S system and promoting the prior risk prevention; second, to carry out economic responsibility audit of enterprise heads for their first three years in office oriented by management and control of strategic risks so as to form a complete loop of 5S systems in the Company. Specific activities are as follows: Having completed the preparation and simulated certification of the Professional Capacity Standard for Audit and Supervision, designed the professional development channels for internal control audits, and cultivated the Company's full-time internal control personnel according to the professional capacity standard; having officially released the Measures for Certification Management of CIMC Internal Controls Compliance Programs (Trial) and the Approval Standard and Audit Rules for CIMC Corporate Internal Controls (Trial), and completed the standard certification of internal controls of 7 enterprises as audit pilots; having continued to carry out the preparation of internal control manuals of 10 backbone enterprises; having determined the informatization strategy of risk management of integrated planning and step-by-step implementation. Also, having conducted engineering internal audit within the Company to prevent risks from audit of engineering construction and other fields; having cooperated with other departments to carry out various special risk management work; having further enhanced the Company's internal control brand value and soft power through participation in the research activities concerning preparation of the ISO International Anti-bribery Standard, the internal audit meeting of Shenzhen listed companies organized by CSRC Shenzhen Bureau, the internal control courses organized by Guangdong Institute for Internal Controls, as well as other activities. During the Reporting Period, the Company was named the "Listed Company with Best Internal Controls" with excellent performance of internal controls in the selection of "2014 Reputation List of China Listed Companies".



## CHAPTER 11 INTERNAL CONTROL

### (II) Scope of Assessment for Internal Controls

The Company has over one hundred 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 internal control assessment 99 corporate entities including the Group Headquarters and all its subsidiaries whose total assets, total revenue and net profits collectively accounted for over 95% of the relevant benchmark indicators of the audited consolidated financial statements for the Group as a whole in 2014.

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 different internal control 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 matters included into the scope of assessment encompassed the 18 application modules mandated by the Basic Criteria for Enterprise Internal Controls plus such business circulation 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 regarding independent lending activities, bill financing, finance lease and so on; the real estate service regarding project development, hotel management and so on.

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

### (III) The Basis for the Internal Control Assessment Tasks and Criteria for Identifying Internal Control 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 control assessment according to the principles of functionally defined management and hierarchical reporting and summaries. 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, analyze and identify any design and operational deficiencies on the internal controls designs, as well as draws up a working blueprint to record the contents of the assessment tasks in detail 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 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 Control Deficiency (The erroneously reported amounts (X) in financial statements fall between the following range)
Significant Deficiency	<ol style="list-style-type: none"> <li>1. <math>x \geq 0.5\%</math> of total sales revenues;</li> <li>2. <math>x \geq 5\%</math> of total profits;</li> <li>3. <math>x \geq 1\%</math> of total assets;</li> <li>4. <math>x \geq 1\%</math> of total stakeholders' interests.</li> </ol>
Important Deficiency	<ol style="list-style-type: none"> <li>1. <math>0.1\%</math> of total sales revenues <math>\leq x &lt; 0.5\%</math> of total sales revenues;</li> <li>2. <math>1\%</math> of total profits <math>\leq x &lt; 5\%</math> of total profits;</li> <li>3. <math>0.2\%</math> of total assets <math>\leq x &lt; 1\%</math> of total assets;</li> <li>4. <math>0.2\%</math> of total stakeholders' interests <math>\leq x &lt; 1\%</math> of total stakeholders' interests.</li> </ol>
General Deficiency	<ol style="list-style-type: none"> <li>1. <math>x &lt; 0.1\%</math> of total sales revenues;</li> <li>2. <math>x &lt; 1\%</math> of total profits;</li> <li>3. <math>x &lt; 0.2\%</math> of total assets;</li> <li>4. <math>x &lt; 0.2\%</math> of total stakeholders' interests.</li> </ol>

## CHAPTER 11 INTERNAL CONTROL

- (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	<ol style="list-style-type: none"> <li>1. Discovery of acts of irregularity by director, councilor or management executive that caused significant impacts on the financial statements;</li> <li>2. Amendment to published financial statements to reflect correction to significant reporting error due to mistakes or irregularities;</li> <li>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;</li> <li>4. Significant deficiency that has been reported to the management and the Board 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;</li> <li>5. Ineffective monitoring on internal controls by the Audits Committee and the Internal Controls Auditing Unit.</li> </ol>
Important Deficiency	<p>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:</p> <ul style="list-style-type: none"> <li>• Internal controls on the choice and application of accounting policies according to commonly recognised accounting standards;</li> <li>• Anti-fraud procedures and controls;</li> <li>• Internal controls on unconventional or non-systematic transactions;</li> <li>• Internal controls on end-period financial reporting processes;</li> <li>• Internal controls on information systems relating to financial reporting;</li> <li>• Failure in compliance supervisory functions that can have a major impact on the reliability of the financial statements;</li> <li>• Penalty sanctions by the state authorities but which have not impacted negatively on the assessed entity's regular reporting disclosure;</li> <li>• For companies that are required to put in place internal auditing or risk assessment functions for effective monitoring, the failure of such functions.</li> </ul>
General Deficiency	<p>Penalty sanctions by provincial (inclusive) or lower level authorities but which have not impacted negatively on the assessed entity's disclosure for regular reporting.</p>

# CHAPTER 11 INTERNAL CONTROL

## 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.

## CHAPTER 11 INTERNAL CONTROL

- (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	<ol style="list-style-type: none"> <li>1. The assessed entity's business activities in serious violation of the laws and regulations of the state;</li> <li>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.</li> </ol>
Important Deficiency	<ol style="list-style-type: none"> <li>1. Important deficiencies remain un-rectified after being reported to the management and after lapse of a reasonable period;</li> <li>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.</li> </ol>
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, 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 according to laws and regulations, 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 control systems, furthering efforts in the four key internal control tasks, 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, cultivating a cultural ambience for internal controls, establishing a channel for the development of professional internal control personnel, and provide continuous training for internal control specialists, promoting healthy and sustainable development for the Group, and ensuring attainment of the Group's strategic objectives. By means of active external communication and cooperation, the Company will improve its internally controlled brands and value, expand its businesses, improve efficiency, and enhance its core competitiveness to create value.

## CHAPTER 11 INTERNAL CONTROL

### (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 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 ON INTERNAL CONTROL RESPONSIBILITIES

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

## CHAPTER 11 INTERNAL CONTROL

### 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 nonfinancial 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

25 March 2015

Disclosure index of full text of internal control evaluation report

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



# CHAPTER 11 INTERNAL CONTROL

## V. INTERNAL CONTROL AUDIT REPORT

The paragraphs of opinions on approval in the internal control audit report

We believe, as at 31 December 2014, 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	25 March 2015
Disclosure index of full text of internal control audit report	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

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.

## 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. During the Reporting Period, the Annual Report 2013 is disclosed, no material supplementation of missing information occurred. No material accounting errors correction, results forecast modification and other situations occurred.

## Chapter 12 Auditor's Report



普华永道

PwC ZT Shen Zi (2015) No.10076  
(Page 1 of 2)

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 2014, 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.

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.

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

## Chapter 12 Auditor's Report

PwC ZT Shen Zi (2015) No.10076  
(Page 2 of 2)

### 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 2014, 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

Cao Cui Li

Shanghai, the People's Republic of China  
24 March 2015

Certified Public Accountant

Cai Zhi Feng

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

As at 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET

	Note II.33	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash at bank and on hand	IV.1	3,667,387	4,771,047	5,221,539
Financial assets at fair value through profit or loss	IV.2	427,669	459,679	405,092
Notes receivable	IV.3	1,591,694	1,376,286	778,109
Accounts receivable	IV.4	11,480,465	10,066,489	8,238,033
Advance to suppliers	IV.6	5,223,351	3,393,804	1,213,042
Interest receivable		3,968	747	14,410
Dividends receivable		10,427	–	–
Other receivables	IV.5	2,574,975	2,805,061	2,114,435
Inventories	IV.7	16,773,431	15,960,590	18,034,726
Current portion of non-current assets	IV.8	2,388,975	1,513,337	1,636,332
Other current assets	IV.9	1,029,835	822,628	690,471
<b>Total current assets</b>		<b>45,172,177</b>	<b>41,169,668</b>	<b>38,346,189</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss	IV.2	–	934	–
Available-for-sale financial assets	IV.10	396,025	445,510	998,986
Long-term receivables	IV.11	3,449,542	2,952,418	2,540,574
Long-term equity investments	IV.12	1,165,674	1,138,445	1,524,527
Investment properties	IV.13	365,555	324,811	183,668
Fixed assets	IV.14	19,051,137	13,508,082	11,608,747
Construction in progress	IV.15	10,460,940	6,684,619	2,279,993
Intangible assets	IV.16	4,355,832	3,699,969	3,273,750
Development costs	IV.16	41,705	–	–
Goodwill	IV.17	1,663,747	1,395,938	1,267,162
Long-term prepaid expenses	IV.18	194,163	96,075	47,947
Deferred tax assets	IV.19	1,117,744	856,406	717,797
Other non-current assets	IV.20	341,940	333,097	203,040
<b>Total non-current assets</b>		<b>42,604,004</b>	<b>31,436,304</b>	<b>24,646,191</b>
<b>Total assets</b>		<b>87,776,181</b>	<b>72,605,972</b>	<b>62,992,380</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

As at 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note II.33	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	IV.23	11,239,527	7,244,780	5,438,407
Financial liabilities at fair value through profit or loss	IV.24	103,657	1,297	12,856
Notes payable	IV.25	1,684,016	1,173,361	989,710
Accounts payable	IV.26	11,364,903	7,781,645	7,059,420
Advances from customers	IV.27	3,054,783	2,920,888	2,722,482
Employee benefits payable	IV.28	2,306,294	2,176,741	2,019,563
Taxes payable	IV.29	799,775	683,137	747,530
Interest payable	IV.30	185,780	213,528	203,288
Dividends payable	IV.31	47,973	197,897	38,747
Other payables	IV.32	5,286,952	5,019,498	4,292,597
Provisions	IV.33	761,052	784,481	753,492
Current portion of non-current liabilities	IV.34	4,052,854	2,458,775	1,261,940
Other current liabilities	IV.35	2,452,511	1,920,321	–
<b>Total current liabilities</b>		<b>43,340,077</b>	<b>32,576,349</b>	<b>25,540,032</b>
<b>Non-current liabilities:</b>				
Financial liabilities at fair value through profit or loss	IV.24	73,884	27,166	82,242
Long-term borrowings	IV.36	11,110,296	7,761,243	7,641,785
Debentures payables	IV.37	4,455,080	6,450,730	6,462,235
Long-term payables	IV.38	672,562	242,992	145,103
Payables for specific projects	IV.39	4,945	3,735	4,802
Deferred income	IV.40	467,623	386,429	348,630
Deferred tax liabilities	IV.19	369,599	661,200	650,394
<b>Total non-current liabilities</b>		<b>17,153,989</b>	<b>15,533,495</b>	<b>15,335,191</b>
<b>Total liabilities</b>		<b>60,494,066</b>	<b>48,109,844</b>	<b>40,875,223</b>
<b>Shareholders' equity</b>				
Share capital	IV.41	2,672,629	2,662,396	2,662,396
Capital surplus	IV.42	686,506	651,828	470,840
Other comprehensive income	IV.43	(847,187)	(660,788)	(72,691)
Surplus reserve	IV.44	3,126,406	3,121,288	3,059,836
Undistributed profits	IV.45	16,651,960	14,899,313	13,392,795
<b>Total equity attributable to shareholders of the company</b>		<b>22,290,314</b>	<b>20,674,037</b>	<b>19,513,176</b>
<b>Minority interests</b>		<b>4,991,801</b>	<b>3,822,091</b>	<b>2,603,981</b>
<b>Total equity</b>		<b>27,282,115</b>	<b>24,496,128</b>	<b>22,117,157</b>
<b>Total liabilities and shareholders' equity</b>		<b>87,776,181</b>	<b>72,605,972</b>	<b>62,992,380</b>

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

As at 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## BALANCE SHEET

	Note II.33	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash at bank and on hand	XVI.1	1,775,649	389,158	447,387
Financial assets at fair value through profit or loss	XVI.2	234,524	169,574	177,450
Dividends receivable	XVI.3	4,270,305	3,735,275	4,066,711
Other receivables	XVI.4	7,217,674	9,137,518	10,860,103
Other current assets		12,183	2,731	–
<b>Total current assets</b>		<b>13,510,335</b>	<b>13,434,256</b>	<b>15,551,651</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets	XVI.5	388,905	388,905	990,261
Long-term equity investments	XVI.6	8,430,444	6,504,960	6,442,716
Fixed assets		119,157	127,271	139,120
Construction in progress		1,236	720	4,950
Intangible assets		14,983	15,238	15,931
Long-term prepaid expenses		19,831	4,696	5,649
Deferred tax assets	XVI.15	200,402	215,029	53,983
<b>Total non-current assets</b>		<b>9,174,958</b>	<b>7,256,819</b>	<b>7,652,610</b>
<b>Total assets</b>		<b>22,685,293</b>	<b>20,691,075</b>	<b>23,204,261</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

As at 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note	31 December	31 December	1 January
	II.33	2014	2013 (Restated)	2013 (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings		–	–	465,703
Financial liabilities at fair value through profit or loss	XVI.7	–	–	8,987
Advances from customers		62,282	–	–
Employee benefits payable	XVI.8	861,648	856,016	657,886
Taxes payable	XVI.9	7,311	10,283	43,493
Interest payable	XVI.10	182,624	184,734	187,691
Other payables	XVI.11	6,537,219	3,547,522	3,574,947
Current portion of non-current liabilities	XVI.12	2,576,000	2,135,000	1,257,100
<b>Total current liabilities</b>		<b>10,227,084</b>	<b>6,733,555</b>	<b>6,195,807</b>
<b>Non-current liabilities:</b>				
Financial liabilities at fair value through profit or loss	XVI.7	21,307	26,865	81,944
Long-term borrowings	XVI.13	861,000	837,000	3,875,845
Debentures payable	XVI.14	3,996,080	5,993,413	5,990,833
Deferred income		13,000	–	–
<b>Total non-current liabilities</b>		<b>4,891,387</b>	<b>6,857,278</b>	<b>9,948,622</b>
<b>Total liabilities</b>		<b>15,118,471</b>	<b>13,590,833</b>	<b>16,144,429</b>
<b>Shareholders' equity</b>				
Share capital	IV.41	2,672,629	2,662,396	2,662,396
Capital surplus	XVI.16	129,788	(35,274)	(116,779)
Other comprehensive income	XVI.17	43,754	43,754	451,038
Surplus reserve	IV.44	3,126,406	3,121,288	3,059,836
Undistributed profits		1,594,245	1,308,078	1,003,341
<b>Total equity</b>		<b>7,566,822</b>	<b>7,100,242</b>	<b>7,059,832</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,685,293</b>	<b>20,691,075</b>	<b>23,204,261</b>

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



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED INCOME STATEMENT

Item	Note	2014	2013
<b>I. Revenue</b>	IV.46	70,070,855	57,874,411
Less: Cost of sales	IV.46	58,769,023	48,242,360
Taxes and surcharges	IV.47	403,105	507,568
Selling and distribution expenses	IV.48	2,348,229	1,832,733
General and administrative expenses	IV.49	4,656,475	4,041,552
Financial expenses-net	IV.50	519,187	438,992
Asset impairment losses	IV.54	284,138	138,931
Add: (Losses)/profit from changes in fair value	IV.52	(228,725)	189,883
Investment Income	IV.53	435,901	508,677
Including: Share of profit/(losses) of associates and joint ventures		59,124	(54,458)
<b>II. Operating profit</b>		3,297,874	3,370,835
Add: Non-operating income	IV.55	389,679	274,223
Including: Gains on disposal of non-current assets		21,081	11,422
Less: Non-operating expenses	IV.56	117,137	82,338
Including: Losses on disposal of non-current assets		54,291	34,719
<b>III. Total profit</b>		3,570,416	3,562,720
Less: Income tax expenses	IV.57	536,488	928,222
<b>IV. Net profit</b>		3,033,928	2,634,498
Attributable to equity holders of the Company		2,477,802	2,180,321
Minority interests		556,126	454,177
<b>V. Other comprehensive income/(losses), net of tax</b>	IV.43	(181,650)	(585,401)
Attributable to equity holders of the Company		(186,399)	(588,097)
Items that may be reclassified subsequently to profit or loss		(186,399)	(588,097)
Change in value of available-for-sale financial assets		(858)	(408,096)
Gain of cash flow hedges		(14,540)	4,326
Currency translation differences		(171,001)	(184,327)
Minority interests		4,749	2,696
<b>VI. Total comprehensive income</b>		2,852,278	2,049,097
Attributable to equity holders of the Company		2,291,403	1,592,224
Minority interests		560,875	456,873
<b>VII. Earnings per share</b>			
(I) Basic earnings per share (RMB)	IV.58	0.93	0.82
(II) Diluted earnings per share (RMB)	IV.58	0.92	0.81

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# INCOME STATEMENT

Item	Note	2014	2013
<b>I. Revenue</b>	XVI.18	289,577	192,684
Less: Cost of sales	XVI.18	–	–
Taxes and surcharges		28,809	34,096
General and administrative expenses		319,002	513,238
Asset impairment losses		–	(3)
Financial expenses-net		243,842	211,626
Add: Profit from changes in fair value	XVI.19	64,140	72,896
Investment income	XVI.20	1,185,375	1,440,535
<b>II. Operating profit</b>		947,439	947,158
Add: Non-operating income	XVI.21	79,882	1,718
Including: Gains on disposal of non-current assets		–	25
Less: Non-operating expenses		1,372	1,645
Including: Losses on disposal of non-current assets		48	–
<b>III. Total profit</b>		1,025,949	947,231
Less: Income tax expenses	XVI.22	14,627	(31,309)
<b>IV. Net profit</b>		1,011,322	978,540
<b>V. Other comprehensive income/(losses), net of tax</b>	XVI.17	–	(407,284)
Attributable to equity holders of the Company		–	(407,284)
Items that may be reclassified subsequently to profit or loss		–	(407,284)
Change in value of available-for-sale financial assets		–	(407,284)
Minority interests		–	–
<b>VI. Total comprehensive income</b>		1,011,322	571,256

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED CASH FLOW STATEMENT

	Note	2014	2013
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		72,746,712	58,823,330
Refund of taxes and surcharges		1,792,528	1,229,184
Cash received relating to other operating activities	IV.59(1)	533,308	627,938
<b>Sub-total of cash inflows</b>		<b>75,072,548</b>	<b>60,680,452</b>
Cash paid for goods and services		56,000,161	47,175,580
Cash paid to and on behalf of employees		6,326,378	5,222,132
Payments of taxes and surcharges		1,717,966	2,366,532
Cash paid relating to other operating activities	IV.59(2)	4,593,566	3,166,282
<b>Sub-total of cash outflows</b>		<b>68,638,071</b>	<b>57,930,526</b>
<b>Net cash inflows from operating activities</b>	IV.60(1)	<b>6,434,477</b>	<b>2,749,926</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		351,510	181,565
Cash received from returns on investments		178,085	841,582
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		904,582	158,004
Net cash received to acquire subsidiaries and other business units		178,611	–
Cash received relating to other investing activities	IV.59(3)	263,423	264,165
<b>Sub-total of cash inflows</b>		<b>1,876,211</b>	<b>1,445,316</b>
Cash paid to acquire fixed assets intangible assets and other long-term assets		12,873,151	6,929,534
Cash paid to acquire investments		556,842	73,824
Net cash paid to acquire subsidiaries and other business units		–	946,417
<b>Sub-total of cash outflows</b>		<b>13,429,993</b>	<b>7,949,775</b>
<b>Net cash outflows from investing activities</b>		<b>(11,553,782)</b>	<b>(6,504,459)</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note	2014	2013
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		204,645	184,706
Including: Cash received from capital contributions by minority shareholders of subsidiaries		89,900	184,706
Cash received from borrowings		33,241,336	19,443,628
Cash received relating to other financing activities	IV.59(4)	14,740	2,517,580
<b>Sub-total of cash inflows</b>		<b>33,460,721</b>	<b>22,145,914</b>
Cash repayments of borrowings		27,120,243	16,533,299
Cash payments for interest expenses and distribution of dividends or profits		2,219,971	1,670,234
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		308,158	192,223
Cash payments relating to other financing activities	IV.59(5)	179,521	309,444
<b>Sub-total of cash outflows</b>		<b>29,519,735</b>	<b>18,512,977</b>
<b>Net cash inflows from financing activities</b>		<b>3,940,986</b>	<b>3,632,937</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(67,926)</b>	<b>(94,420)</b>
<b>V. Net decrease in cash and cash equivalents</b>	IV.60(1)	<b>(1,246,245)</b>	<b>(216,016)</b>
Add: Cash and cash equivalents at beginning of year		4,181,496	4,397,512
<b>VI. Cash and cash equivalents at end of year</b>		<b>2,935,251</b>	<b>4,181,496</b>

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CASH FLOW STATEMENT

	Note	2014	2013
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		351,858	192,745
Cash received relating to other operating activities		5,673,314	2,093,429
<b>Sub-total of cash inflows</b>		<b>6,025,172</b>	<b>2,286,174</b>
Cash paid for goods and services		–	2,732
Cash paid to and on behalf of employees		110,300	106,708
Payments of taxes and surcharges		32,773	68,791
Cash paid relating to other operating activities		156,984	134,581
<b>Sub-total of cash outflows</b>		<b>300,057</b>	<b>312,812</b>
<b>Net cash outflows from operating activities</b>	XVI.23	<b>5,725,115</b>	<b>1,973,362</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		–	236,437
Cash received from returns on investments		236,183	1,785,125
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		91	4,279
<b>Sub-total of cash inflows</b>		<b>236,274</b>	<b>2,025,841</b>
Cash paid to acquire fixed assets and other long-term assets		27,246	6,488
Cash paid to acquire investments		6,368	136,767
Net cash paid to acquire subsidiaries and other business units		1,979,000	152,617
Cash payments relating to other investing activities		942,000	–
<b>Sub-total of cash outflows</b>		<b>2,954,614</b>	<b>295,872</b>
<b>Net cash inflows from investing activities</b>		<b>(2,718,340)</b>	<b>1,729,969</b>
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		800,000	1,586,485
Cash received from capital contributions		114,745	–
<b>Sub-total of cash inflows</b>		<b>914,745</b>	<b>1,586,485</b>
Cash repayments of borrowings		2,335,000	4,213,132
Cash payments for interest expenses and distribution of dividends or profits		1,141,954	1,134,460
<b>Sub-total of cash outflows</b>		<b>3,476,954</b>	<b>5,347,592</b>
<b>Net cash inflows from financing activities</b>		<b>(2,562,209)</b>	<b>(3,761,107)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(86)</b>	<b>(405)</b>
<b>V. Net increase in cash and cash equivalents</b>	XVI.23	<b>444,480</b>	<b>(58,181)</b>
Add: Cash and cash equivalents at beginning of year		386,732	444,913
<b>VI. Cash and cash equivalents at end of year</b>	XVI.23	<b>831,212</b>	<b>386,732</b>

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2014										2013													
		Attributable to equity holders of the Company					Difference on translation of foreign currency statements					Attributable to equity holders of the Company					Difference on translation of foreign currency statements								
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total equity	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total equity	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total equity			
I. Balance at 31 December 2013		2,662,396	707,700	-	3,121,288	14,899,313	(716,660)	24,496,128	3,822,091	24,496,128	2,662,396	930,482	-	3,059,836	13,392,795	(532,333)	24,496,128	2,662,396	930,482	-	3,059,836	13,392,795	(532,333)	24,496,128	
Add: changes in accounting policies	IV.33	-	(55,872)	(660,788)	-	716,660	-	-	-	-	-	(489,642)	(72,691)	-	532,333	-	-	-	-	-	-	-	-	-	
II. Balance on 1 January 2014		2,662,396	651,828	(660,788)	3,121,288	14,899,313	716,660	24,496,128	3,822,091	24,496,128	2,662,396	470,840	(72,691)	3,059,836	13,392,795	532,333	24,496,128	2,662,396	470,840	(72,691)	3,059,836	13,392,795	532,333	24,496,128	
III. Movements for the year		-	-	(186,399)	-	2,477,802	-	556,126	3,033,928	4,749	(181,650)	-	-	(688,097)	-	-	2,180,321	-	-	-	-	-	-	-	
(i) Total comprehensive income		-	-	(186,399)	-	2,477,802	-	556,126	3,033,928	4,749	(181,650)	-	-	(688,097)	-	-	2,180,321	-	-	-	-	-	-	-	
1. Net profit	IV.43	-	-	(186,399)	-	2,477,802	-	556,126	3,033,928	4,749	(181,650)	-	-	(688,097)	-	-	2,180,321	-	-	-	-	-	-	-	
2. Other comprehensive income		-	-	(186,399)	-	-	-	4,749	(181,650)	-	-	-	-	(688,097)	-	-	-	-	-	-	-	-	-	-	
Sub-total of 1&2		-	-	(186,399)	-	2,477,802	-	560,875	2,852,278	-	-	-	-	(688,097)	-	-	2,180,321	-	-	-	-	-	-	-	
(ii) Capital contribution and withdrawal by owners		10,233	104,512	-	-	-	114,745	-	114,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Increase in capital surplus resulted from share option exercised by company	IV.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Contributions by minority Shareholders resulted from acquisition or establishment of subsidiary		-	-	-	-	-	89,900	89,900	89,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Increase in minority interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Decrease in capital surplus resulted from acquisition of minority interest	IV.42	-	(51,925)	-	-	-	730,593	678,668	678,668	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Disposal of subsidiaries without (lose control)	IV.42	-	(114,093)	-	-	-	(65,428)	(179,521)	(179,521)	-	-	(188,790)	-	-	-	-	-	-	-	-	-	-	-	(309,444)	
6. Disposal of subsidiaries (lose control)		-	-	-	-	-	-	-	-	-	-	278,273	-	-	-	-	-	-	-	-	-	-	-	538,890	
7. Increase in capital surplus resulted from share option exercised by subsidiary		-	10,972	-	-	-	3,259	14,231	14,231	-	-	3,299	-	-	-	-	-	-	-	-	-	-	-	34,446	
8. Increase in Shareholders' equity resulted from share-based payments	IV.2	-	85,212	-	-	-	10,379	95,591	95,591	-	-	88,206	-	-	-	-	-	-	-	-	-	-	-	91,059	
(iii) Profit distribution		-	-	-	5,118	(5,118)	-	-	-	-	-	-	-	-	-	-	61,452	-	-	-	-	-	-	-	
1. Appropriation to surplus reserves	IV.44	-	-	-	5,118	(5,118)	-	-	-	-	-	-	-	-	-	-	61,452	-	-	-	-	-	-	-	
2. Profit distribution to Shareholders	IV.45	-	-	-	-	(720,037)	(158,234)	(678,271)	(678,271)	-	-	-	-	-	-	-	(612,351)	-	-	-	-	-	-	(746,702)	
IV. Balance at 31 December		2,672,629	686,506	(847,187)	3,126,406	16,651,960	-	4,991,801	27,282,115	27,282,115	2,662,396	651,828	(660,788)	3,121,288	14,899,313	-	3,822,091	24,496,128	2,662,396	651,828	(660,788)	3,121,288	14,899,313	3,822,091	24,496,128

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

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2014					2013						
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2013		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
Add: changes in accounting policies	II.33	-	(43,754)	43,754	-	-	-	-	(451,038)	451,038	-	-	-
II. Balance on 1 January 2014		2,662,396	(35,274)	43,754	3,121,288	1,308,078	7,100,242	2,662,396	(116,779)	451,038	3,059,836	1,003,341	7,059,832
III. Movements for the year													
(i) Total comprehensive income													
1. Net profit		-	-	-	-	1,011,322	1,011,322	-	-	-	-	978,540	978,540
2. Other comprehensive income	XVI.17	-	-	-	-	-	-	-	-	(407,284)	-	-	(407,284)
Sub-total of 1&2		-	-	-	-	1,011,322	1,011,322	-	-	(407,284)	-	978,540	571,256
(ii) Capital contribution and withdrawal by owners													
1. Increase in shareholders' equity resulted from share-based payment	IX.2	-	60,550	-	-	-	60,550	-	81,505	-	-	-	81,505
2. Increase in capital surplus resulted from share option exercised by company		10,233	104,512	-	-	-	114,745	-	-	-	-	-	-
(iii) Profit distribution													
1. Appropriation to surplus reserves	IV.44	-	-	-	5,118	(5,118)	-	-	-	-	61,452	(61,452)	-
2. Profit distribution to shareholders	IV.45	-	-	-	-	(720,037)	(720,037)	-	-	-	-	(612,351)	(612,351)
IV. Balance at 31 December		2,672,629	129,788	43,754	3,126,406	1,594,245	7,566,822	2,662,396	(35,274)	43,754	3,121,288	1,308,078	7,100,242

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



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc.(USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 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.". The Registered Address and Address of Head Office of the company is 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

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 IV.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 on 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.

Pteris Global Limited, the subsidiary of the Group, is listed on the mainboard of the Singapore Exchange. The principal activities of the Group are electrical products used in airports and ports, automatic parking system and equipment, automation logistics warehousing system and equipment, airport equipment(aviation food vehicles, self-propelled aircraft deicing vehicle, anti ice, container, pallet loaders, spreading vehicle, snowplows, friction coefficient test vehicle), installation and after sale service of self-produced products and agents product and provide parking management services.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### I. GENERAL INFORMATION (CONTINUED)

Please refer to Note V for details of subsidiaries included in the scope of consolidation and also refer to Note V.1 for the details of subsidiaries newly included in the scope of consolidation. There was no subsidiary that was excluded from the scope of consolidation for the current year.

These financial statements have been approved for issue by the Company's Board of Directors on 24 March 2015.

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group makes specific accounting policies and accounting estimates according to characteristics of its business operations, which include provision of bad debt of receivables (Note II.10), the cost of inventories (Note II.11), the criteria for determining impairment of non-current assets (Note II.20), depreciation policy of investment properties, fixed assets and amortisation policy of intangible assets (Note II.13, 14 and 17), measurement of provisions (Note II.21) and revenue recognition (Note II.23)...etc.

Key judgments applied for critical accounting policies by the Group are disclosed in Note II.34.

#### 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, and the specific accounting standards and the relevant regulations issued thereafter (hereafter collectively referred to as "Chinese Accounting Standards" 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 issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

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

The financial statements of the Company for the year ended 31 December 2014 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 2014 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 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).

#### 5. Business combinations

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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, in the preparation of the consolidated financial statements, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the 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.

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 6. Preparation of consolidated financial statements (Continued)

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.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and losses for the period as well as comprehensive income not attributable to Company are recognised as minority interests, net profit and losses attributable to minority interests as well as and comprehensive income attributable to minority interests presented separately in the consolidated financial statements within equity and net profit as well as total comprehensive income respectively. The unrealised profit and losses arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit and losses arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and losses arising from sales of between subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' share holdings on the subsidiary who sold.

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

#### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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 payables.

##### (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.

###### a. 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.

###### b. Receivables

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

###### c. 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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. The initial investment cost of held-to-maturity equity instrument is calculated using the weighted average method.

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 recognized in profit or loss.

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.

When an impairment loss on an available-for-sale financial asset 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 determined according to the market yield of similar financial assets and recognised in profit or loss. Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 9. Financial instruments (Continued)

##### (1) Financial Assets (Continued)

###### (d) *Derecognition of financial assets*

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.

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 9. Financial instruments (Continued)

##### (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.

#### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 10. Receivables (Continued)

##### (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.

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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)

Group 1	Containers
Group 2	Road transportation vehicles
Group 3	Energy, chemical and equipment
Group 4	Airport facilities
Group 5	Logistics services
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 and 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	Provision is determined based on an ageing analysis (Overdue aging)
Other business	Provision is determined based on an ageing analysis (Overdue aging)

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 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.

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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 and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures 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.

##### (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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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	Residual Period (years)	Depreciation value rate	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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 16. Borrowing costs (Continued)

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

The respective amortisation periods for such long-term prepaid expenses are as follows:

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. Intangible asset that is not ready for its intended use is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. 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.

#### 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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 21. Provisions and contingent liabilities (Continued)

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.

##### (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 vest.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 22. Share-based payments (Continued)

##### (4) Accounting treatment for share-based payment

###### a. *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.

###### b. *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.

#### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 23. Revenue recognition (Continued)

##### (1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

- a. The significant risks and rewards of ownership of goods have been transferred to the buyer;
- b. 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).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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:

- a. 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;
- b. 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:

- c. Client accepts and confirms the increased amount generated by contract alteration;
- d. 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

#### 24. Employee benefits

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, pension benefits and termination of employment benefits.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 24. Employee benefits (Continued)

##### (a) short-term wages

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and short term paid absence and etc. 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) pension benefits

During the reporting period, the Group's pension benefits are basic pension insurance and unemployment insurance which are all defined contribution plans.

###### – Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. 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) Enterprise annuities plan

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 the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

The Enterprise annuities plan with payment within one year at the balance sheet date are classified as current liabilities.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 26. Deferred tax assets and deferred tax liabilities (Continued)

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.

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 28. Assets held for sale and discontinued operation

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:

- a. This component of the business represents a separate major line of business or geographic area of operations;
- b. 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;
- c. This component of the business is a subsidiary acquired exclusively with a view to resale.

#### 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:

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 29. Hedge accounting (Continued)

- 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%.

##### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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; and
- (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

#### 33. Changes in significant accounting policies

In 2014, Ministry of Finance issued and amended 'Accounting Standards for Enterprises No. 9 -Employee Benefits', 'Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements', 'Accounting Standards for Enterprises No. 33 – Consolidation', 'Accounting Standards for Enterprises No. 39 – Fair value measurement', 'Accounting Standards for Enterprises No. 40 – Joint Arrangement', 'Accounting Standards for Enterprises No. 2 – Long-term equity investment' and 'Accounting Standards for Enterprises No. 41 – Disclosure of interests in other entities' (collectively for the 'Seven Standards') and 'Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments'. The effective date of the Seven Standards is 1 July 2014 and early adoption by enterprises with shares listed overseas is encouraged while the 'Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments' is effected for the year ended 31 December 2014. Since the Company is a listed company with both A shares and H shares, the Company has early adopted 'Accounting Standards for Enterprises No. 9 – Employee Benefits', 'Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements', 'Accounting Standards for Enterprises No. 33 – Consolidation', 'Accounting Standards for Enterprises No. 39 – Fair value measurement' and 'Accounting Standards for Enterprises No. 40 – Joint arrangement' when preparing the financial statements for the year ended 31 December 2013. The Company further early adopted 'Accounting Standards for Enterprises No. 2 – Long-term equity investment' and 'Accounting Standards for Enterprises No. 41 – Disclosure of interests in other entities' when preparing the financial statements for the period ended 30 June 2014. Ministry of Finance issued the application guidances for the Seven Standards in the third quarter of 2014, the Group adopted the 'Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments' when preparing the financial statements for the year ended 31 December 2014.

The impacts of adoption of 'Accounting Standards for Enterprises No. 2 – Long-term equity investment', 'Accounting Standards for Enterprises No. 41 – Disclosure of interests in other entities', the application guidances for the Seven Standards and 'Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments' on the Group's financial statement for the year ended 31 December 2014 are listed as follows:



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 33. Changes in significant accounting policies (Continued)

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amounts affected
(a) Long-term equity investment			
As stated above, the Group early adopted 'Accounting Standards for Enterprises No. 2 – Long-term equity investment' (Revised in 2014) when preparing the financial statements for the period ended 30 June 2014. According to the revised standard, the Company's investment in China United International Rail Containers Co., Ltd. ('CRIntermodal') applies 'Accounting Standards for Enterprises No. 22 – Financial instruments: recognition and measurement' and is reclassified from long-term equity investment to available-for-sale financial assets because it is an equity instrument which does not have a quoted market price in an active market and whose fair value cannot be reliably measured. According to applies 'Accounting Standards for Enterprises No. 22 – Financial instruments: recognition and measurement', such 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. Long-term equity investment and available-for-sale financial assets on comparative financial statements are restated accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 August 2014.	Long-term equity investment and available-for-sale financial assets	The investment in China United International Rail Containers Co., Ltd. amounting to 438,168,000 and 389,235,000 as at 31 December 2013 and 1 January 2013 were reclassified from long-term equity investment to available-for-sale financial assets.
(b) Disclosure of interests in other entities			
As stated above, the Company further early adopted 'Accounting Standards for Enterprises No. 41 – Disclosure of interests in other entities' (Issued in 2014) when preparing the financial statements for the period ended 30 June 2014. These changes in accounting policies impact the disclosure of separate financial statement information of those subsidiaries with significant minority interests as well as of significant joint ventures and significant associates of the Company. These changes in accounting policies do not have any impact on the Group's financial position as at 31 December 2014 and its operating results and cash flows for the year then ended.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 August 2014.	Not applicable	Not applicable

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 33. Changes in significant accounting policies (Continued)

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amounts affected
(c) Other comprehensive income			
As stated above, the Company adopted the application guidances of 'Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements' (Revised in the third quarter 2014) when preparing the financial statements for the period ended 31 December 2014. According to the application guidances, 'other comprehensive income' which was originally recognised in 'capital reserves' item should be disclosed as a separate item in the owner' equity section in balance sheet. 'Capital reserves' item and 'other comprehensive income' item on comparative financial statements are restated accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 24 March 2015.	Capital reserves, Difference on translation of foreign currency financial statements and other comprehensive income	Decrease and increase 'capital reserves' and 'Difference on translation of foreign currency financial statements', each amounted to RMB55,872,000 and RMB716,660,000, decrease 'other comprehensive income' amounted to RMB660,788,000 as at 31 December 2013.  Decrease and increase 'capital reserves' and 'Difference on translation of foreign currency financial statements', each amounted to RMB459,642,000 and RMB532,333,000, decrease 'other comprehensive income' amounted to RMB72,691,000 as at 1 January 2013.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 33. Changes in significant accounting policies (Continued)

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amounts affected
(d) Deferred revenue			
As stated above, the Company adopted the application guidances of 'Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements' (Revised in the third quarter 2014) when preparing the financial statements for the period ended 31 December 2014. According to the application guidances, 'deferred revenue' which was originally recorded in 'other non-current liabilities' item and 'other current liabilities' item should be disclosed as a separate item in the liabilities section in balance sheet. 'Other non-current liabilities' item and 'deferred revenue' item on comparative financial statements are restated accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 24 March 2015.	Other non-current Liabilities and deferred revenue	Decrease and increase 'other current liabilities' and 'deferred revenue' in current liabilities section amounted to RMB386,429,000 as at 31 December 2013.  Decrease and increase 'other current liabilities' and 'deferred revenue' in current liabilities section amounted to RMB348,630,000 as at 1 January 2013.
(e) Presentation of financial instruments			
As stated above, the Company adopted 'Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments' (Revised in 2014) when preparing the financial statements for the year ended 31 December 2014. These changes in accounting policies do not have any impact on the Group's financial position as at 31 December 2014 and its operating results and cash flows for the year then ended.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 24 March 2015.	Not applicable	Not applicable

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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 IV.17, IX and XIV 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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 except inventories, financial assets and other long-term equity investments 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 IV.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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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%

- (a) Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax nationwide in the transportation industry and modern service industry" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui[2013]No.106), 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 with tax rate of 17% or 6%.

Note 1: The income tax rates applicable to the Group for the year are as follows:

	2014	2013
The Company	25%	25%
Subsidiaries registered in China	15-25%	15-25%
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	21%	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%	20%
Subsidiary registered in Singapore	17%	17%



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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 2014 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 2014 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 2014 entitled to 15% preferential rate
9	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 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
11	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
12	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
13	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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
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
18	Hunan CIMC Bamboo Industry Development Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
19	Wuhu CIMC Ruijiang Automobile CO LTD.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
20	Luoyang CIMC Lingyu Automobile CO., LTD.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
21	Nantong CIMC Large-sized Tank Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
22	Xinfa Airport Equipment 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 2014, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB513,458,000 (2013: RMB3,892,743,000). Accordingly, deferred tax liabilities amounting to RMB18,330,000 (2013: RMB355,651,000) were recognised by the Group at year end.

In 2014, pursuant to circulars on relevant Issues regarding determination of resident enterprises issued by the State Administration of Taxation, 19 overseas companies under the Group's control were recognized as Chinese resident enterprises effective since 2013. Therefore, consideration of changes under the profit distribution plan for the overseas subsidiaries, withholding tax amounting to RMB342,885,000 which was recognized by the above mentioned foreign subsidiaries deemed as Chinese resident enterprises was reversed in the reporting period, receive the returned withholding RMB73,443,000, total increase the company's net profit RMB416,328,000.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to VI.1 and IV.12 for the definition of subsidiaries, associates and joint ventures.

#### 1. Cash at bank and on hand

	31 December 2014	31 December 2013
Cash on hand	1,772	2,477
Bank deposits	2,836,455	4,128,327
Other cash balances	829,160	640,243
	<b>3,667,387</b>	<b>4,771,047</b>
Including: cash abroad	1,734,054	1,928,928

As at 31 December 2014, restricted cash at bank and on hand of the Group amounted to RMB732,136,000(31 December 2013: RMB589,551,000), Refer to Note IV.22 for details.

As at 31 December 2014, restricted cash at bank and on hand of the Group included deposit with central bank, totaling of RMB441,268,000(31 December 2013: RMB330,205,000). Finance Company is a finance institution authorised by the People's Bank of China.

#### 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 2014	31 December 2013
<b>Current Portion</b>			
1. Investments in equity instrument held for trading			
– Listed companies	(3)	403,709	319,605
2. Derivative financial assets			
– Forward foreign exchange contracts	(4)	21,904	132,134
– Foreign exchange option contracts	(5)	837	–
3. Hedging Instrument		1,219	7,940
Total		<b>427,669</b>	<b>459,679</b>

	Note	31 December 2014	31 December 2013
<b>Non-current Portion</b>			
Derivative financial assets			
– Forward foreign exchange contracts	(4)	–	934

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2. Financial assets at fair value through profit or loss (Continued)

- (2) As at 31 December 2014, 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 and liabilities

As at 31 December 2014, the Group had certain unsettled forward contracts, mainly denominated in U.S. dollars. The nominal value of these contracts amounted to USD2,550 million. The Group had other unsettled forward contracts of Japanese Yen, Euro, and Australian Dollar. The nominal value of these amounted to JPY 1,966 million, EUR 6.99 million, AUD 1 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy/sell foreign currencies, such as USD, Euro, Japanese Yen, 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 5 January 2015 to 12 December 2016.

#### (5) Foreign exchange option contracts

As at 31 December 2014, the Group had certain unsettled foreign exchange option contracts, denominated in U.S. dollars. The nominal value of these contracts amounted to USD458 million. Depending on the contract terms and the market condition, the Group will decide to fulfill contractual obligations or exercise contractual rights on the settlement day. The settlement dates of the aforesaid option contracts range from 5 January 2015 to 28 November 2016.

### 3. Notes receivable

#### (1) Classification of Notes receivable

	31 December 2014	31 December 2013
Bank acceptance notes	1,542,079	1,336,187
Trade acceptance notes	49,615	40,099
Total	1,591,694	1,376,286

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Notes receivable (Continued)

(2) As at 31 December 2014, pledged notes receivable of the group are as follows:

	31 December 2014
Bank acceptance notes	149,816
Trade acceptance notes	50,000
<b>Total</b>	<b>199,816</b>

(3) As at 31 December 2014 and 31 December 2013, there was no amount transferred from notes to accounts receivable due to failure of performance by the issuers.

(4) As at 31 December 2014, outstanding notes receivable endorsed by the Group are as follows:

	Derecognised	Not Derecognised
Bank acceptance notes	2,215,199	489,137
Trade acceptance notes	700	-
<b>Total</b>	<b>2,215,899</b>	<b>489,137</b>

#### 4. Accounts receivable

(1) Accounts receivable is analysed by customer categories as follows:

	31 December 2014	31 December 2013
Containers	2,649,228	2,760,476
Transportation vehicles	2,014,614	2,093,979
Energy and chemical	3,413,376	2,516,083
Offshore engineering	890,573	1,314,554
Airport facilities	1,093,472	599,073
Logistics services	1,008,977	1,020,275
Heavy truck	499,441	-
Others	263,558	163,684
<b>Sub-total</b>	<b>11,833,239</b>	<b>10,468,124</b>
Less: provision for doubtful debts	(352,774)	(401,635)
<b>Total</b>	<b>11,480,465</b>	<b>10,066,489</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

#### 4. Accounts receivable(Continued)

(2) The aging analysis of account receivables is as follows:

	31 December 2014	31 December 2013
Within 1 year (inclusive)	9,875,738	9,175,028
1 to 2 years (inclusive)	1,269,555	358,007
2 to 3 years (inclusive)	281,404	719,123
Over 3 years	406,542	215,966
Sub-total	11,833,239	10,468,124
Less: provision for doubtful debts	(352,774)	(401,635)
Total	11,480,465	10,066,489

(3) Accounts receivable is analysed by categories as follows:

	31 December 2014				31 December 2013			
	Book balance		provision for doubtful debts		Book balance		provision for doubtful 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 doubtful debts is set aside on the individual basis (4)	1,535,101	12.97%	86,219	5.62%	1,702,814	16.27%	171,748	10.09%
With amounts that are not individually significant but that the related provision for doubtful debts is set aside on the individual basis (5)	487,575	4.12%	61,370	12.59%	290,223	2.77%	50,388	17.36%
That the related provision for doubtful debts is set aside collectively on a group basis*								
Group- containers	2,499,062	21.12%	34,636	1.39%	2,524,211	24.11%	222	0.01%
Group- transportation vehicles	1,112,401	9.40%	66,067	5.94%	1,495,750	14.29%	69,293	4.63%
Group- energy and chemical	3,243,117	27.41%	16,447	0.51%	2,343,713	22.39%	70,510	3.01%
Group- airport facilities	1,093,472	9.24%	39,601	3.62%	515,839	4.93%	24,442	4.74%
Group- logistics services	847,707	7.16%	30,520	3.60%	923,262	8.82%	13,846	1.50%
Group- heavy truck	230,829	1.95%	5,630	2.44%	-	-	-	-
Group- others	783,975	6.63%	12,284	1.57%	672,312	6.42%	1,186	0.18%
Group sub-total (6)	9,810,563	82.91%	205,185	2.09%	8,475,087	80.96%	179,499	2.12%
Total	11,833,239	100.00%	352,774	2.98%	10,468,124	100.00%	401,635	3.84%

Note\*: This category includes accounts receivable that is individually tested but not impaired.

As at 31 December 2014, the Group did not hold any collateral for accounts receivable that were made impairment aforesaid.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

- (4) As at 31 December 2014, accounts receivable with amounts that are individually significant and that the related provision for doubtful debts is set aside on the individual basis:

	Book balance	Provision for doubtful debt	Ratio(%)	Reason
Transportation vehicles	665,689	28,447	4.27%	Provision is set asided based on the estimated recoverable amount according to assessment of credit risk and historical data
Energy and chemical	165,164	40,000	24.22%	
Offshore engineering	319,200	12,240	3.83%	
Logistics services	116,437	1,254	1.08%	
Heavy truck	268,611	4,278	1.59%	
<b>Total</b>	<b>1,535,101</b>	<b>86,219</b>	<b>5.62%</b>	

- (5) As at 31 December 2014, accounts receivable with amounts that are not individually significant but that the related provision for doubtful debts is set aside on the individual basis:

	Book balance	Provision for doubtful debt	Ratio(%)	Reason
Containers	150,166	526	0.35%	Provision is set asided based on the estimated recoverable amount according to assessment of credit risk and historical data
Transportation vehicles	236,522	47,222	19.97%	
Energy and chemical	5,096	607	11.91%	
Offshore engineering	651	651	100%	
Logistics services	44,834	11,633	25.95%	
Others	50,306	731	1.45%	
<b>Total</b>	<b>487,575</b>	<b>61,370</b>	<b>12.59%</b>	

- (6) receivable that the related provision for doubtful debts is set asided collectively on a group basis, in terms of aging analysis:

	31 December 2014			31 December 2013		
	Book balance	provision for doubtful debts		Book balance	provision for doubtful debts	
	Amount	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Within 1 year	8,286,919	52,383	0.63%	8,072,731	37,076	0.46%
1 to 2 years	1,352,695	62,709	4.64%	227,024	14,649	6.45%
2 to 3 years	55,122	19,826	35.97%	106,062	79,843	75.28%
Over 3 years	115,827	70,267	60.67%	69,270	47,931	69.19%
<b>Total</b>	<b>9,810,563</b>	<b>205,185</b>	<b>2.09%</b>	<b>8,475,087</b>	<b>179,499</b>	<b>2.12%</b>

The aging is calculated from the date that the accounts receivable is recognised.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

##### (7) The reverse or recovery of provision in current year

The provision for doubtful debt this year amounted to RMB120,427,000 (2013: RMB80,670,000). A provision for doubtful debt amounted to RMB100,394,000 has been collected or reversed. (2013: RMB7,110,000), among which the significant reversal or collection is as follows:

	Reason for reversal or recovery	Basis and reasonability for provision	Amount	Way of recovery
Schahin Soratu Drilling LLC	Recovery of sales	Overdue payment	80,784	By arbitration

##### (8) Accounts receivable that are written off in current year

There was no material accounts receivable written off in current year (2013: Nil).

##### (9) As at 31 December 2014, the five largest balances of accounts receivable are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for doubtful debt	% of total accounts receivable
Sum of the five largest accounts receivable	1,533,155	12,240	12.96%

##### (10) Accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company is analysed as follows:

As at 31 December 2014, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above book balance of accounts receivable (31 December 2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

##### (11) Accounts receivable from related parties:

As at 31 December 2014, the Group's accounts receivable due from related parties amounted to RMB560,197,000(31 December 2013: RMB278,250,000), accounting for 4.73% of the total accounts receivable (31 December 2013: 2.66%).

Company name	Relationship with the Group	31 December 2014			31 December 2013		
		Amount	% of total balance	provision for doubtful debts	Amount	% of total balance	provision for doubtful debts
BaZhou LiHua gas storage and transportation Co., LTD	Associate	139,390	1.18%	-	-	-	-
Shanxi Heavy Duty Automobile	Minority shareholders of subsidiaries	48,476	0.41%	-	90,605	0.87%	-
C&C Trucks Co., Ltd. ("C&C Trucks")*		-	-	-	57,927	0.55%	-
Florens Maritime Limited	Subsidiary of significant shareholder	247,592	2.09%	-	45,164	0.43%	-
Florens Container Corporation S.A.	Subsidiary of significant shareholder	32,436	0.27%	-	26,771	0.26%	-
Other related parties		92,303	0.78%	-	57,783	0.55%	-
<b>Total</b>		<b>560,197</b>	<b>4.73%</b>	<b>-</b>	<b>278,250</b>	<b>2.66%</b>	<b>-</b>

\* As at 31 December 2014, C&C Trucks Co., Ltd. ("C&C Trucks")\* has been a subsidiary of the Group.

##### (12) Accounts receivable derecognised due to transfer of financial assets

Accounts receivable with a carrying amount of RMB1,094,590,000 (31 December 2013: RMB487,524,000) are derecognised due to transfer of financial assets in current year, with no losses occurred (2013: 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 has been no securitised accounts receivable during the year (2013: Nil).

As at 31 December 2014, restricted accounts receivable amounted to RMB1,367,000 (31 December 2013: RMB148,235,000). Refer to Note IV.22.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables

(1) Other receivables are analysed by categories as follows:

	31 December 2014	31 December 2013
Receivables arising from financing related parties	512,486	1,160,797
Loans	465,824	206,517
Tax refund receivables	335,360	438,385
Security deposits	571,933	233,154
Land compensation and grant fee receivables	47,520	57,727
Receivables from equity transfer	131,215	70,650
Others	638,851	760,283
Sub-total	2,703,189	2,927,513
Less: provision for doubtful debts	(128,214)	(122,452)
Total	2,574,975	2,805,061

(2) Aging analysis of other receivables:

	31 December 2014	31 December 2013
Within 1 year (Inclusive)	1,869,968	2,234,614
1 to 2 years (Inclusive)	173,726	90,325
2 to 3 years (Inclusive)	88,930	45,657
Over 3 years	570,565	556,917
Sub-total	2,703,189	2,927,513
Less: provision for doubtful debts	(128,214)	(122,452)
Total	2,574,975	2,805,061

The aging is calculated from the date that the other receivables are recognised.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

(3) Other receivables are analysed by categories as follows:

	Note	31 December 2014				31 December 2013			
		Book balance		Provision for doubtful debt		Book balance		Provision for doubtful debt	
		Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
Other receivables with amounts that are individually significant	(4)	1,482,208	54.83%	70,793	4.78%	1,825,472	62.36%	46,157	2.53%
Other receivables with amounts that are not individually significant		1,220,981	45.17%	57,421	4.70%	1,102,041	37.64%	76,295	6.92%
<b>Total</b>		<b>2,703,189</b>	<b>100.00%</b>	<b>128,214</b>	<b>4.74%</b>	<b>2,927,513</b>	<b>100.00%</b>	<b>122,452</b>	<b>4.18%</b>

The Group did not hold any collateral for other receivables that were made impairment aforesaid.

(4) As at 31 December 2014, other receivables with amounts that are individually significant:

	Book balance	Provision for doubtful debt	Ratio (%)	Reason
Receivables arising from financing related parities	508,639	–	–	Note 1
Receivables from equity transfer	131,216	–	–	Note 1
Land compensation and grant fee receivables	47,520	–	–	Note 1
Receivables arising from financing third parties	323,576	64,738	20.01%	Note 1
Tax refund receivables	262,075	–	–	Note 1
Others	209,182	6,055	2.89%	Note 1
<b>Total</b>	<b>1,482,208</b>	<b>70,793</b>	<b>4.78%</b>	

Note 1: The provision for doubtful debts is individually assessed based on the recoverability of individual balance.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

##### (5) The reverse or recovery of provision in current year

The provision for doubtful debt this year amounted to RMB35,093,000. A provision for doubtful debt amounted to RMB42,768,000 has been collected or reversed, among which the significant reversal or collection is as follows:

	Reason for reversal or recovery	Basis and reasonability for provision	Amount of reversal and recovery	Way of recovery
National Taxation Bureau of Yantai Free Trade Port Area, Shandong	Recoverable	Low collectibility	40,000	Transfer of taxation inspection fee to advance payment of income tax, which will be returned at income tax settlement of 2015

##### (6) Other receivables that are written off in current year

There were no material other receivables written off in current year (2013: Nil)

##### (7) As at 31 December 2014, the five largest balances of other receivables are analysed as follows, accumulated by arrearage parties:

	Note	Relationship with the Group	Book balance	Aging	% of total balance	Provision for doubtful debt
Marine Subsea & Consafe Limited	(i)	Associate	279,940	over 3 years	10.36%	–
Head office of Industrial Bank Co., Ltd	(ii)	None	180,000	within 1 year	6.66%	–
Frigstad Deepwater Holding Limited		Minority shareholders of subsidiaries	156,474	within 1 year	5.79%	–
National Taxation Bureau of Pingshan, Shenzhen		None	73,369	within 1 year	2.71%	–
China Merchants Property Development Co., Ltd ("SZMPD")		Subsidiary of significant shareholder	70,650	over 3 years	2.61%	–
<b>Total</b>			<b>760,433</b>		<b>28.13%</b>	<b>–</b>

The Group's five largest other receivables as at 31 December 2013 amounted to RMB1,275,094,000, accounting for 43.52% of the total balance.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

##### (7) (Continued)

- (i) Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. In the prior years, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB217,226,000). 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.
- (ii) This is a short term interbank callable loan issued by Finance Company to the head office of Industrial Bank Co., Ltd at 31 December 2014, which matures at 4 January 2015.

##### (8) 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 2014, 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.

##### (9) As at 31 December 2014, other receivables from related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2014				31 December 2013			
		Amount	Nature	% of total balance	Provision for doubtful debts	Amount	Nature	% of total balance	Provision for doubtful debts
C&C Trucks*		-		-	-	635,825	Funding, daily transactions	21.68%	-
Marine Subsea & Consafe Limited	Associate	279,940	Funding	10.36%	-	278,911	Funding	9.53%	-
Frigstad Deepwater Holding Limited	Minority shareholders of subsidiaries	156,474	Funding	5.79%	-	155,901	Funding	5.33%	-
SZMPD	Subsidiary of significant shareholder	70,650	Transfer of equity	2.61%	-	70,650	Transfer of equity	2.41%	-
Others		194,459		7.19%	-	98,062		3.35%	-
Total		701,523		25.95%	-	1,239,349		42.30%	-

\* As at 31 December 2014, C&C Trucks Co., Ltd. ("C&C Trucks") has been a subsidiary of the Group.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

(10) As at 31 December 2014, government grants recognised on the basis of receivables are as follows:

	Project name	Book balance	Aging	Estimated time of receipt, amount and basis
C&C Trucks	Development grants from Sanshan District Government of Wuhu	30,000	within 1 year	Have fully received on 20, March 2015

#### 6. Advance to suppliers

(1) Advance to suppliers are analysed by categories as follows:

	31 December 2014	31 December 2013
Raw material (including equipments for ship under construction)	5,282,512	3,380,079
Cost of ship under construction	16,001	1,191
Others	172,284	195,560
Sub-total	5,470,797	3,576,830
Less: provision for doubtful debts	(247,446)	(183,026)
Total	5,223,351	3,393,804

(2) Aging analysis for advance to suppliers:

	31 December 2014		31 December 2013	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	4,160,801	76.05%	3,179,726	88.90%
1 to 2 years (inclusive)	931,313	17.02%	55,946	1.56%
2 to 3 years (inclusive)	42,220	0.77%	138,371	3.87%
Over 3 years	336,463	6.16%	202,787	5.67%
Sub-total	5,470,797	100.00%	3,576,830	100.00%
Less: provision for doubtful debts	(247,446)	4.52%	(183,026)	5.12%
Total	5,223,351	95.48%	3,393,804	94.88%

The aging is calculated from the date of recognition of advance to suppliers.



# Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Advance to suppliers (Continued)

#### (2) Aging analysis for advance to suppliers (Continued)

Advance to suppliers aged over 1 year included steel purchase prepayment made to a supplier in total of RMB88,931,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2014, the Group had made full provision of RMB87,640,000 for the unsettled balances.(As at 31 December 2013: RMB87,640,000).

The provision for doubtful debt this year amounted to RMB73,205,000. A fully provision has been made on the prepayment of iron ore investment, which amounted to RMB46,876,000.

Other than the advance mentioned above, the remaining advance to suppliers aged over 1 year mainly represented prepayment for raw materials and equipment of 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.

#### (3) As at 31 December 2014, the five largest balances of advance are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Sum of the five largest advance to suppliers	582,175	10.64%

#### (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 2014, no 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 2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Advance to suppliers (Continued)

(5) Advance to related parties are analysed as follows:

Company name	Relation-ship with the Group	31 December 2014			31 December 2013		
		Amount	% of total balance	Provision for doubtful debts	Amount	% of total balance	Provision for doubtful debts
TSC Offshore Group Limited	Associate	72,467	1.32%	-	-	-	-
Wuhu Tairui Investment Ltd	Minority shareholders of subsidiaries	2,800	0.05%	-	-	-	-
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholders of subsidiaries	124	-	-	61	-	-
SXHDA	Minority shareholders of subsidiaries	354	0.01%	-	7	-	-
Total		75,745	1.38%	-	68	-	-

#### 7. Inventories

(1) Inventories are summarised by categories as follows:

	31 December 2014			31 December 2013		
	Book balance	Provision for decline in the value of inventories	Net book value	Book balance	Provision for decline in the value of inventories	Net book value
Raw materials	4,015,208	(100,109)	3,915,099	4,344,076	(188,127)	4,155,949
Work in progress	1,914,473	(20,065)	1,894,408	1,992,781	(28,284)	1,964,497
Finished goods	3,298,072	(133,373)	3,164,699	3,029,760	(106,330)	2,923,430
Consignment stocks	193,619	(179)	193,440	166,835	(542)	166,293
Spare parts	56,318	(2,477)	53,841	62,071	-	62,071
Low-valued consumables	80,143	(316)	79,827	42,167	-	42,167
Materials in transit	109,124	-	109,124	55,202	-	55,202
Completed properties held for sale	652,320	-	652,320	186,157	-	186,157
Properties under development	2,651,439	-	2,651,439	2,033,079	-	2,033,079
Offshore engineering equipment	2,936,148	-	2,936,148	1,453,300	-	1,453,300
Amount due from customer for contract work <sup>(4)</sup>	1,223,304	(100,218)	1,123,086	2,996,012	(77,567)	2,918,445
Total	17,130,168	(356,737)	16,773,431	16,361,440	(400,850)	15,960,590

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventories (Continued)

##### (1) Inventories are summarised by categories as follows: (Continued)

The Group's closing balances of inventories included capitalised borrowing cost amounting to RMB382,761,000 (31 December 2013: RMB452,169,000). The interest rate per annum at which the borrowing costs were capitalised was 5.16% (2013: 4.77%).

As at 31 December 2014, the restricted inventories amounted to RMB16,624,000 (31 December 2013: RMB339,070,000). Refer to Note IV.22.

##### (2) Analysis of book balance movement of inventories for the year is as follows:

	31 December 2013	Additions due to business combinations	Increase in current year	Decrease in current year	31 December 2014
Raw materials	4,344,076	91,626	53,623,056	(54,043,550)	4,015,208
Work in progress	1,992,781	68,313	39,222,119	(39,368,740)	1,914,473
Finished goods	3,029,760	824,747	52,811,912	(53,368,347)	3,298,072
Consignment stocks	166,835	–	3,054,568	(3,027,784)	193,619
Spare parts	62,071	84	348,153	(353,990)	56,318
Low-valued consumables	42,167	2,225	522,106	(486,355)	80,143
Materials in transit	55,202	–	92,415	(38,493)	109,124
Completed properties held for sale	186,157	–	1,156,512	(690,349)	652,320
Properties under development	2,033,079	–	1,759,571	(1,141,211)	2,651,439
Offshore engineering equipment	1,453,300	–	1,908,645	(425,797)	2,936,148
Amount due from customer for contract work	2,996,012	–	1,734,177	(3,506,885)	1,223,304
Total	16,361,440	986,995	156,233,234	(156,451,501)	17,130,168

##### (3) Provision for decline in the value of inventories are as follows:

Category	31 December 2013	Additions due to business combinations	Increase in current year Increase	Decrease in current year Reversal	Write-off	Exchange differences arising from translating foreign operations	31 December 2014
Raw materials	188,127	310	10,746	(12,998)	(29,910)	(56,166)	100,109
Work in progress	28,284	–	1,129	(13,180)	(480)	4,312	20,065
Finished goods	106,330	4,942	59,716	(6,461)	(29,594)	(1,560)	133,373
Consignment stocks	542	–	2	(365)	–	–	179
Spare parts	–	–	1,797	–	–	680	2,477
Low-valued consumables	–	–	219	(17)	(158)	272	316
Amount due from customer for contract work	77,567	–	24,648	(466)	(36,334)	34,803	100,218
Total	400,850	5,252	98,257	(33,487)	(96,476)	(17,659)	356,737

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventories (Continued)

##### (3) Provision for decline in the value of inventories are as follows (Continued)

- (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.

Written off/reversal 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
Raw materials	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Work in progress	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Finished goods	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Consignment stocks	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Ship under construction	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Low-valued consumables	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories

##### (4) Amount due from customer for contract work

	31 December 2014	31 December 2013
Aggregate contract costs incurred and profit recognised to date (Less recognised losses)	4,758,612	6,572,081
Less: progress billings to date	(3,535,308)	(3,576,069)
	1,223,304	2,996,012
Including:		
Due from customers on construction	1,325,864	4,024,615
Due to customers on construction contracts	(102,560)	(1,028,603)
	1,223,304	2,996,012

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8. Current portion of non-current assets

	31 December 2014	31 December 2013
Finance leases	2,848,885	1,800,870
Less: unrealised financing income	(378,188)	(245,878)
Sales of goods by instalments	14,777	8,241
Others	6,104	–
Sub-total	2,491,578	1,563,233
Less: provision for impairment	(102,603)	(49,896)
Total	2,388,975	1,513,337

#### 9. Other current assets

	31 December 2014	31 December 2013
Tax deductible/withheld	996,271	822,249
Other	33,564	379
Total	1,029,835	822,628

#### 10. Available-for-sale financial assets

	31 December 2014	31 December 2013
Measured at fair value		
Available-for-sale equity instruments	6,514	7,342
Including: market value of listed securities <sup>(1)</sup>	6,514	7,342
– Hongkong, China	6,514	7,342
Measured at historical cost		
– Available-for-sale equity instruments <sup>(2)</sup>	392,286	441,233
– Others	290	–
Less: provision for impairment	(3,065)	(3,065)
Total	396,025	445,510

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Available-for-sale financial assets (Continued)

- (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 USD1,064,000(RMB6,514,000).
- (2) Detailed information of the available-for-sale financial assets:

Available-for-sale equity instruments measured at fair value:

	31 December 2014	31 December 2013
Available-for-sale equity instruments		
– Fair value	6,514	7,342
– Historical cost	4,582	4,552
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	1,932	2,790

Available-for-sale equity instruments measured at historical cost:

	31 December 2013	Increase in current year	Decline in current year	31 December 2014	Shareholding ratio of investee	Cash dividend in current year
Available-for-sale equity instruments						
– historical cost						
Bank of Communications Schroder Fund Management Co., Ltd. ("BOCM Schroder")	8,125	–	–	8,125	5.00%	5,000
Donghua Container Transportation Service Co., Ltd.	270	–	–	270	5.00%	–
China United International Rail Containers Co., Ltd. ("CRintermodal")	380,780	–	–	380,780	10.00%	–
Guangdong samsung enterprise group co., LTD ("Guangdong Samsung")	1,365	–	–	1,365	0.09%	–
Beihai Yinjian Co., Ltd. ("Beihai Yinjian")	1,700	–	–	1,700	1.01%	–
Crisplant Singapore Pte Ltd ("Crisplant")	–	46	–	46	10.00%	–
– Jingmen General Airline Company ("Jingmen Airline")	60	–	(60)	–	–	–
– Others	48,933	–	(48,933)	–	–	–
	441,233	46	(48,993)	392,286		5,000
– Provision for impairment	(3,065)	–	–	(3,065)		–
Total	438,168	46	(48,993)	389,221		5,000

Available-for-sale equity instruments measured at historical cost mainly consists of equity investment of non-listed companies, which do not have quoted price in active market. The variation of reasonable estimate of fair value is large, and the probabilities used to determine the estimation can not be reasonably confirmed. Thus, the fair value can not be evaluated reliably. The Group so far do not have plan to dispose these investments.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Long-term receivables

	31 December 2014	31 December 2013
Finance Leases	3,649,959	3,333,028
Less: Unrealised financing income	(397,920)	(433,236)
Net finance leases	3,252,039	2,899,792
Sales of goods by instalments	299,917	123,951
Others	45,408	43,587
Sub-total	3,597,364	3,067,330
Less: provision for impairment	(147,822)	(114,912)
Total	3,449,542	2,952,418

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 receivables as follows:

Minimum lease receipts	31 December 2014	31 December 2013
Within 1 year (inclusive)	2,848,885	1,800,870
1 and 2 years (inclusive)	1,617,698	1,283,217
2 and 3 years (inclusive)	807,561	661,255
Over 3 years	1,224,700	1,388,556
Less: unrealised finance income	(776,108)	(679,114)
Total	5,722,736	4,454,784

Long-term receivables with a book balance of RMB171,944,000 was derecognised due to transferring of financial assets in current year. (31 December 2013: RMB83,107,000).

	Amount	Gain or loss due to derecognition
Derecognition of long-term receivables under finance leases due to outright sale	171,944	15,804



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments

##### (1) Classification of long-term equity investments:

		31 December 2014	31 December 2013
Joint ventures	IV.12(2)	437,691	197,863
Associates	IV.12(3)		
– quoted		186,893	231,903
– unquoted		541,092	708,681
		<b>1,165,676</b>	<b>1,138,447</b>
Less: provision for impairment		(2)	(2)
<b>Total</b>		<b>1,165,674</b>	<b>1,138,445</b>

There is no substantial restriction of the realization of long-term equity investments.

TSC Offshore Group Limited is the associate listed on the Stock Exchange of Hong Kong Limited.

The fair value of investment in the listed associate mentioned above:

	31 December 2014	31 December 2013
TSC Offshore Group Limited ("TSC")	156,836	211,817
Pteris Global Ltd	–	66,996
<b>Total</b>	<b>156,836</b>	<b>278,813</b>

No substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

##### (2) Long-term equity investments in joint ventures:

	31 December 2013	Increase/ Decrease in investment	Movement in current year					31 December 2014	Provision for impairment
			Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates		
Ruiji Logistics (Wuhu) Co., Ltd ("WHRJL")	10,355	(12,578)	2,223	-	-	-	-	-	-
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("GXNFWL")	28,032	-	7,515	-	-	(4,251)	-	31,296	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd ("SCSCRC")	4,740	-	(1,085)	-	-	-	-	3,655	-
Shanghai Shenyi Special Vehicle Parts Co., Ltd ("Shanghai Shenyi")	9,505	-	540	-	-	-	33	10,078	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	65,098	-	5,220	-	-	-	-	70,318	-
Three Eyre Shanghai Zhenhua Logistics Co. Ltd. ("Shanghai Three Eyre")	61,868	-	752	-	-	-	-	62,620	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. ("Kawasaki Zhenghua")	18,265	-	697	-	-	-	-	18,962	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd. ("Qingdao Jiefeng")	-	11,896	3,140	-	-	(4,107)	(758)	10,171	-
Dalian Jilong Logistics Co., Ltd. ("DLJLL")	-	3,975	337	-	-	-	(111)	4,201	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd. ("Shanghai Baijian")	-	19,324	5,479	-	-	(7,331)	(675)	16,797	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd. ("Tianjin Jinshi")	-	5,637	1,378	-	-	(916)	(313)	5,786	-
Y&C Engine Co., Ltd ("Y&C Engine")	-	210,020	(6,213)	-	-	-	-	203,807	-
<b>Total</b>	<b>197,863</b>	<b>238,274</b>	<b>19,983</b>	<b>-</b>	<b>-</b>	<b>(16,605)</b>	<b>(1,824)</b>	<b>437,691</b>	<b>-</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

##### (3) Long-term equity investments in associates:

	31 December 2013	Movement in current year							31 December 2014	Provision for impairment	
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision			Others
Xinyang Wood Hong Kong Co., Ltd. ("XYW")	2,784	1,226	3,913	-	-	(1,145)	(4)	-	-	6,774	-
Ningbo Beilun Donghua Container Service Co., Ltd. ("NBBL")	3,160	-	637	-	-	(3,600)	-	-	-	197	-
Xiamen CIMC Haitou Container Service Co., Ltd. ("Xiamen CIMC")	17,097	-	2,981	-	-	-	47	-	-	20,125	-
Dalian Jilong Logistics Co., Ltd. ("DLJLL")	40,492	-	1,619	-	-	-	140	-	-	42,251	-
C&C Trucks	237,925	-	(52,430)	-	-	-	-	-	(185,495)	-	-
Senju (Jiangmen) Technology Material Co., Ltd. ("Senju Technology")	7,503	24,869	1,506	-	-	-	-	-	-	33,878	-
TRS Transportkoeling B.V. ("TRS")	15,955	-	891	-	-	-	(1,374)	-	-	15,472	-
Eurotank Oy ("Eurotank")	9,521	-	194	-	-	-	(1,436)	-	-	8,279	-
Shanghai Fengyang Real Estate Development Co., Ltd. ("Shanghai Fengyang")	157,186	-	62,492	-	-	(108,000)	-	-	-	111,678	-
KYH Steel Holding Ltd. ("KYH")	134,938	(115,320)	3,037	-	-	(3,264)	757	-	-	20,148	-
Xiamen CIMC Haitou Logistics Co., Ltd. ("Xiamen Haitou")	5,187	-	(706)	-	-	-	-	-	-	4,481	-

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

##### (3) Long-term equity investments in associates (Continued):

	31 December 2013	Movement in current year								31 December 2014	Provision for impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision	Others		
TSC	176,865	-	10,051	-	-	-	(23)	-	-	186,893	-
Pteris Global Ltd	55,038	(41,826)	(13,212)	-	-	-	-	-	-	-	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	-	-	2	(2)
Wuhan Automobile magazine Co. Ltd.	463	-	106	-	-	(76)	-	-	-	493	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,728	-	119	-	-	-	-	-	-	1,847	-
BaZhou LiHua gas storage and transportation Co.,Ltd ("BaZhou LiHua")	48,940	27,427	13,661	-	-	-	-	-	-	90,028	-
Jiangsu Ruicheng Machinery Co., Ltd ("Jiangsu Ruicheng")	20,000	-	3,022	-	-	-	-	-	-	23,022	-
Chengdu Jihaixin Industrial Co., Ltd.	1,800	(1,800)	-	-	-	-	-	-	-	-	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	4,000	-	-	-	-	-	-	-	-	4,000	-
Qingdao Yuanxu Properties Co., Ltd	-	3,000	(104)	-	-	-	-	-	-	2,896	-
Opton Inc (Shanghai)	-	17,082	(11)	-	-	-	-	-	-	17,071	-
Xuzhou CIMC Wood Co., Ltd	-	12,727	3,436	-	-	-	-	-	-	16,163	-
Tianjin Shounong Dongjiang Animal Husbandry Co.,Ltd	-	40,000	(238)	-	-	-	-	-	-	39,762	-
Qingdao Port International Trade and Logistics Co., Ltd.	-	20,000	(131)	-	-	-	-	-	-	19,869	-
ZPMC-Red Box Energy Services Limited	-	6,068	-	-	-	-	-	-	-	6,068	-

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

##### (3) Long-term equity investments in associates (Continued):

	31 December 2013	Movement in current year							31 December 2014	Provision for impairment	
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision Others			
Tianjin Shouong Dongjiang Animal Husbandry Co., Ltd	-	20,000	-	-	-	-	-	-	20,000	-	
CIMC Arabia Factory Company Limited	-	4,982	-	-	-	-	-	-	4,982	-	
Shanghai Xiangtou Auto parts Co., Ltd.	-	1,000	(195)	-	-	-	-	-	805	-	
North searjgsas ltd	-	12,344	-	-	-	-	-	-	12,344	-	
Nirota B.V.	-	1,827	(1,497)	-	-	-	127	-	457	-	
Ningxia Changming Natural Gas Development Co., Ltd.	-	18,000	-	-	-	-	-	-	18,000	-	
<b>Total</b>	<b>940,584</b>	<b>51,606</b>	<b>39,141</b>	<b>-</b>	<b>-</b>	<b>(116,085)</b>	<b>(1,766)</b>	<b>-</b>	<b>(185,495)</b>	<b>727,985</b>	<b>(2)</b>

The Group's investment ratios in TSC, Wuhan Automobile magazine Co. Ltd., Jiangsu Ruicheng Machinery Co., Ltd, Optton Inc (Shanghai), ZPMC-Red Box Energy Services Limited and Shanghai Xiangtou Auto parts Co., Ltd are all below 20%. But since the Group has appointed directors to the above mentioned associates, the Group had significant influence over them. Thus, equity investments on these associates were evaluated subsequently by equity method.

As at 31 December 2014, except for Marine Subsea & Consafe, there is no need for the Group to recognize 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 13. Investment properties

	Buildings	Land use rights	Total
Original cost			
31 December 2013	258,447	157,711	416,158
Additions in current year	200,546	–	200,546
Disposal in current year	(28,009)	(41,549)	(69,558)
31 December 2014	430,984	116,162	547,146
Accumulated depreciation/amortisation			
31 December 2013	65,997	25,350	91,347
Current year transferred in	58,447	–	58,447
Depreciation/amortisation charged in current year	64,953	3,126	68,079
Current year transferred out	(26,696)	(9,586)	(36,282)
31 December 2014	162,701	18,890	181,591
Net book value			
31 December 2014	268,283	97,272	365,555
31 December 2013	192,450	132,361	324,811

In 2014, RMB68,079,000 of depreciation and amortisation is recognised for the investment properties (2013: RMB8,105,000). There was no provision for impairment for investment properties in 2014 (2013: Nil).

The land use rights are analysed by locations and durable years as follows:

	31 December 2014	31 December 2013
Outside Hong Kong – 10 to 50 years	97,272	132,361

In 2014, the investment properties generated RMB60,201,000 (2013: RMB51,752,000) of lease income, and incurred RMB13,141,000 (2013: RMB12,290,000) of direct expense.

There was no disposal of investment properties in 2014.

As at 31 December 2014, a carrying amount of RMB24,771,000 (original cost: RMB29,236,000) of buildings and land use rights (2013: carrying amount- RMB17,004,000, original cost: 21,386,000) did not have property ownership certificates for the formality, which will be settled in 2016.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets

##### (1) Fixed assets

	Buildings	Machinery and equipment	Office & other equipment	Transportation	Offshore engineering special equipment	Dock & Port	Total
Original cost							
31 December 2013	8,006,267	8,193,454	1,192,711	908,340	650,738	1,295,312	20,246,822
Additions due to business combination	537,634	540,019	255,192	7,794	–	–	1,340,639
Additions in current year	588,060	377,588	707,909	46,643	4,216	39,923	1,764,339
Transfers from construction in progress	597,774	606,536	93,029	46,064	5,563,792	86,823	6,994,018
Disposal in current year	(372,466)	(701,410)	(198,344)	(40,778)	(2,033,477)	(56,869)	(3,403,344)
Exchange differences arising from translating foreign currencies	(28,266)	(3,284)	(6,029)	(588)	(45)	630	(37,582)
31 December 2014	9,329,003	9,012,903	2,044,468	967,475	4,185,224	1,365,819	26,904,892
Accumulated depreciation							
31 December 2013	1,917,351	3,187,262	612,329	377,397	142,340	142,515	6,379,194
Additions due to business combination	27,522	17,880	18,837	4,754	–	–	68,993
Depreciation recognised in current year	338,535	641,805	299,892	57,682	72,283	32,109	1,442,306
Decreases in current year	(119,288)	(235,695)	(41,660)	(31,364)	(13,777)	(12,184)	(453,968)
Exchange differences arising from translating foreign currencies	(770)	(1,572)	(1,276)	(441)	42	50	(3,967)
31 December 2014	2,163,350	3,609,680	888,122	408,028	200,888	162,490	7,432,558
Provision for impairment							
31 December 2013	309,987	48,216	1,065	278	–	–	359,546
Additions due to business combination	–	228	–	–	–	–	228
Impairment recognised in current year	1,106	48,506	10,911	356	–	–	60,879
Written off on disposal	–	(36)	(12)	–	–	–	(48)
Exchange differences arising from translating foreign currencies	679	(63)	(23)	(1)	–	–	592
31 December 2014	311,772	96,851	11,941	633	–	–	421,197
Carrying amount							
31 December 2014	6,853,881	5,306,372	1,144,405	558,814	3,984,336	1,203,329	19,051,137
31 December 2013	5,778,929	4,957,976	579,317	530,665	508,398	1,152,797	13,508,082

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

As at 31 December 2014, restricted fixed assets of the Group amounted to RMB102,667,000 (2013: RMB14,632,000). Refer to Note IV.22 for details.

In 2014, depreciation of fixed assets recognized amounted to RMB1,442,306,000 (2013: RMB990,117,000), of which RMB1,190,723,000 (2013: RMB777,650,000), RMB41,522,000 (2013: RMB37,015,000) and RMB210,061,000 (2013: RMB175,452,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, respectively.

In 2014, the original cost of fixed assets transferred from construction in progress is RMB6,994,018,000 (2013: RMB1,478,197,000).

In 2014, an amount of RMB60,879,000 has been impaired for the addition of property, plant and equipment, RMB37,414,000 of which was accounted for recognition of impairment provision for the Dalian CIMC Railway Equipment Co., Ltd.

(2) As at 31 December 2014, the Group had no temporarily idle fixed assets.

(3) Fixed assets held through finance leases

	31 December 2014			31 December 2013		
	Book balance	Accumulated depreciation	Carrying amount	Book balance	Accumulated depreciation	Carrying amount
Machinery and equipment	35,683	(13,148)	22,535	35,576	(8,866)	26,710

(4) Fixed assets leased out under operating leases

	Carrying amount
Buildings	103,536
Machinery and equipment	31,171
<b>Total</b>	<b>134,707</b>



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

##### (5) Held-for-sale fixed assets

As at 31 December 2014, there were no held-for-sale fixed assets (31 December 2013: Nil).

##### (6) Fixed assets with pending certificates of ownership

	Carrying amount	Reason for pending
Factory	740,279	Put to use, certificate being in the progress
Office building	95,783	Put to use, certificate being in the progress
Workshop	128,228	Incomplete certificate, being in the progress
Dormitory and Canteen	74,378	Put to use, certificate being in the process
Warehouse	21,740	Lack of reporting materials, under preparation
Others	12,420	Certificate being in the progress
<b>Total</b>	<b>1,072,828</b>	

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress

##### (1) Construction in progress

	31 December 2014			31 December 2013		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Dalian Heavy Logistics Production Line equipment	10,391	–	10,391	9,345	–	9,345
XHCIMCS Production Line and Power Facilities Reconstruction Project	37,344	–	37,344	20,102	–	20,102
Raffles Jack-up Drilling Platform	1,396,440	–	1,396,440	1,256,168	–	1,256,168
Raffles Terry project	–	–	–	126,066	–	126,066
MEA 1st stage R&D Project	352,187	–	352,187	317,555	–	317,555
TAS New Plant Project	153,407	–	153,407	107,030	–	107,030
DLL special production line	722	–	722	313	–	313
Tianjin CIMC 48 m/min plate automatic production line	–	–	–	15,917	–	15,917
Tianjin CIMC automatic processing workshop project	–	–	–	16,360	–	16,360
TCCIMC LFYD-00 continuous roof forming production line	–	–	–	11,760	–	11,760
Dalian Railway steel equipment warehouse	1,378	(563)	815	815	–	815
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
Dongguan CIMC vehicle logistics equipment project	64,760	–	64,760	–	–	–
Development project of Shenyang Industry Garden	168,096	–	168,096	–	–	–
Production equipment of C&C Trucks	45,255	–	45,255	–	–	–
Second phase of Hebei construction	70,461	–	70,461	–	–	–
Vessels under construction of leasing company	7,492,172	–	7,492,172	3,406,804	–	3,406,804
Others	668,890	–	668,890	494,710	–	494,710
<b>Total</b>	<b>10,461,503</b>	<b>(563)</b>	<b>10,460,940</b>	<b>6,684,619</b>	<b>–</b>	<b>6,684,619</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress (Continued)

##### (1) Construction in progress (Continued)

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of RMB847,650,000 (2013: RMB447,536,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.37% (2013: 4.36%).

As at 31 December 2014, there is no restricted construction in progress of the Group (2013: RMB1,223,018,000). Refer to Note IV.22 for details.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress (Continued)

##### (2) Movement of significant projects of construction in progress during the year

	Budgeted amount	31 December 2013	Additions			31 December 2014	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including:		Interest capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
			due to business combinations	Current year additions	Transfer to fixed assets					current year capitalised interest	Interest capitalisation rate (%)			
Dalian Heavy Logistics Production Line equipment	143,392	9,345	-	4,484	(3,438)	10,391	58%	55%	-	-	-	Self-funding	-	
XHCIMCS Production Line and Power Facilities Reconstruction Project	92,901	20,102	-	62,012	(44,770)	37,344	88%	80%	-	-	-	Self-funding	-	
Raffles Jack-up Drilling Platform	1,256,168	1,256,168	-	136,366	-	1,396,440	111%	100%	366,603	266,119	4.35%	Self-funding and bank loan	3,906	
Raffles Terry project	126,066	126,066	-	3,409	(130,556)	-	104%	100%	-	-	-	Self-funding	1,081	
MEA 1st stage R&D Project	398,000	317,555	-	34,632	-	352,187	88%	88%	21,416	-	-	Self-funding and bank loan	-	
TAS New Plant Project	320,000	107,030	-	46,377	-	153,407	48%	60%	10,476	7,015	5.25%	Self-funding and bank loan	-	
DLL special production line	35,728	313	-	409	-	722	79%	99%	1,285	204	4.52%	Self-funding and bank loan	-	
Tianjin CIMC 48 m/min plate automatic production line	20,000	15,917	-	5,557	(21,474)	-	108%	100%	-	-	-	Self-funding	-	
Tianjin CIMC automatic processing workshop project	20,000	16,360	-	498	(16,858)	-	84%	100%	-	-	-	Self-funding	-	
TCCIMC LFVD-00 continuous roof forming production line	16,800	11,760	-	1,735	(13,495)	-	80%	100%	-	-	-	Self-funding	-	
Dalian Railway steel equipment warehouse	12,870	815	-	-	-	815	101%	99%	-	-	-	Self-funding	-	
SZ Investment Holding Qianhai Office	32,089	24,186	-	7,695	(31,881)	-	99%	100%	-	-	-	Self-funding	-	
Raffles Drilling Platform H194	686,681	658,990	-	-	(664,643)	-	96%	100%	62,675	-	4.09%	Self-funding and bank loan	5,653	
Raffles 600T Crane (E022198015)	43,365	41,635	-	2,819	(44,811)	-	103%	100%	-	-	-	Self-funding	357	
Raffles Plane block production line (E22026)	67,000	22,115	-	46,350	(68,655)	-	102%	100%	-	-	-	Self-funding	190	
Raffles Solid pile frame workshop (E82005)	20,922	18,589	-	3,294	(22,043)	-	105%	100%	-	-	-	Self-funding	160	
Raffles Terminal	41,055	16,502	-	24,411	(41,055)	-	100%	100%	-	-	-	Self-funding	142	
Raffles power line (power supply, gas supply) phase ii	18,610	13,557	-	4,936	(18,610)	-	100%	100%	-	-	-	Self-funding	117	
Raffles paint workshop phase ii (EH2003)	21,385	11,570	-	9,715	(21,385)	-	100%	100%	-	-	-	Self-funding	100	
Raffles 600T Crane base	12,305	11,076	-	-	(11,171)	-	90%	100%	-	-	-	Self-funding	95	
QDCRC building steel structure of 1#、2# factory	54,780	38,346	-	-	(38,346)	-	70%	100%	-	-	-	Self-funding	-	
QDCRC Roads and other infrastructure construction projects	70,805	22,806	-	47,999	(70,805)	-	100%	100%	-	-	-	Self-funding	-	
QDCRC factories and warehouses constructions	37,170	22,302	-	6,444	(28,746)	-	77%	100%	-	-	-	Self-funding	-	
Logistics and equipment project of Dongguan CIMC Special Vehicle Co., Ltd.	75,093	-	-	64,760	-	64,760	86%	86%	-	-	-	Self-funding	-	
Development project of Shenyang Industry Garden	624,975	-	-	168,096	-	168,096	27%	27%	3,028	3,028	4.35%	Self-funding and bank loan	-	
Production equipment of C&C Trucks	73,627	-	-	65,392	(20,137)	45,255	89%	89%	-	-	-	Self-funding	-	
Second phase of Hebei construction	92,980	-	-	70,461	-	70,461	76%	76%	-	-	-	Self-funding	-	
Vessels under construction of leasing company	-	3,406,804	-	9,029,486	(4,936,444)	7,492,172	58%	22%-98%	344,711	86,974	4.36%	Bank loans and convertible bonds	(7,674)	
Others	-	494,710	-	930,376	(744,695)	668,890	-	-	37,456	36,774	-	-	(11,501)	
<b>Total</b>		<b>6,684,619</b>		<b>10,777,713</b>	<b>(6,994,018)</b>	<b>10,460,940</b>			<b>847,650</b>	<b>400,114</b>			<b>(7,374)</b>	

As at 31 December 2014, an amount of RMB563,000 has been recognized as the provision for impairment of construction in progress (2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Intangible assets

##### (1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Original cost								
31 December 2013	3,497,143	1,139,356	219,799	210,662	133,890	80,134	53,300	5,334,284
Additions due to business combination	185,974	428,357	-	-	104,065	-	-	718,396
Current year additions	148,768	207,246	-	-	-	-	-	356,014
Current year decrease	(46,799)	(85,924)	-	-	-	-	-	(132,723)
Exchange differences arising from translating foreign currencies	(1,521)	(9,582)	746	(10,605)	490	293	-	(20,179)
31 December 2014	3,783,565	1,679,453	220,545	200,057	238,445	80,427	53,300	6,255,792
Accumulated amortisation								
31 December 2013	487,431	699,682	101,120	99,860	81,626	15,397	-	1,485,116
Additions due to business combination	15,958	53,607	-	-	-	-	-	69,565
Current year additions	77,696	91,111	4,385	22,111	20,813	3,401	-	219,517
Current year decrease	(6,889)	(8,847)	-	-	-	-	-	(15,736)
Exchange differences arising from translating foreign currencies	(162)	(5)	321	(8,714)	299	40	-	(8,221)
31 December 2014	574,034	835,548	105,826	113,257	102,738	18,838	-	1,750,241
Provision for impairment								
31 December 2013	-	-	96,935	-	52,264	-	-	149,199
Exchange differences arising from translating foreign currencies	-	-	329	-	191	-	-	520
31 December 2014	-	-	97,264	-	52,455	-	-	149,719
Carrying amount								
31 December 2014	3,209,531	843,905	17,455	86,800	83,252	61,589	53,300	4,355,832
31 December 2013	3,009,712	439,674	21,744	110,802	-	64,737	53,300	3,699,969

In 2014, amortisation expenses of intangible assets amounted to RMB219,517,000 (2013: RMB182,823,000) in total, of which RMB219,517,000 (2013: RMB182,823,000) is recognised in profit or loss for the current period.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Intangible assets (Continued)

(2) Land use rights are analysed by locations and durable years as follows:

	31 December 2014	31 December 2013
Outside Hong Kong - 10 to 50 years	3,209,531	3,009,712

(3) As of 31 December 2014, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for pending
Nantong Tank Land (2008) No. 0301018	67,593	in the progress
SCIMCEL Tangkeng land use right	59,345	in the progress
Nantong Tank Land (2009) No. 0301030	49,000	in the progress
YZTHT land	4,286	in the progress
Qingdao CIMC Reefer land	2,355	in the progress
SCIMCEL dormitory	1,917	in the progress
Land use right of XHCIMCS	22,960	in the progress
Patent and the right to use of Tiezhongbao rack and chord	9,509	in the progress
Total	216,965	

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Intangible assets (Continued)

- (4) As of 31 December 2014, an amount of RMB145,728,000 of intangible assets was restricted (2013: Nil). Refer to Note IV. 22.
- (5) As at 31 December 2014, the intangible asset with indefinite useful lives is Gas station Franchise which amounted to RMB53,300,000 (31 December 2013: RMB53,300,000).
- (6) Development expenditure is as follows:

	31 December 2013	Additions due to business combination	Current year addition	Recognised as intangible assets	31 December 2014
Project on vehicle technology	–	129,073	21,811	(109,434)	41,450
Others	–	–	255	–	255
	–	129,073	22,066	(109,434)	41,705

In 2014, the Group's development expenditure amounted to RMB742,895,000(2013: RMB501,949,000): RMB591,756,000 (2013: RMB501,949,000) of which included in the current profits and losses, and it also included an amount of RMB109,434,000 that recognised as intangible assets in current period(2013: Nil). The remaining amount of RMB41,705,000 is included in the book balance of development expenditure at the year end. In 2014, development expenditure accounted for 20.34% (2013: Nil) of the total R&D expense. As at 31 December 2014, intangible assets transferred from development expenditure within the group accounted for 5.42% (2013: Nil) for the total book balance of intangible assets.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Goodwill

	Note	31 December 2013	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2014
Enric	(1)	546,335	–	–	–	546,335
TGE SA	(2)	179,467	–	–	(13,690)	165,777
Technodyne		27,430	–	–	–	27,430
Gadidae AB		12,254	–	–	–	12,254
YPDI		86,558	–	–	–	86,558
Bassoe		132,245	–	–	–	132,245
Zhenhua Group		21,994	4,392	–	–	26,386
Pteris Global Limited	(3)	–	115,478	–	(7,282)	108,196
C & C Trucks	(3)	–	132,145	–	–	132,145
Hong Kong Baijian Container	(3)	–	49,788	–	–	49,788
Baijian International Holding Limited	(3)	–	8,280	–	–	8,280
Others		413,487	–	–	(21,237)	392,250
Sub-total		1,419,770	310,083	–	(42,209)	1,687,644
Less: provision for impairment						
Gadidae AB		12,254	–	–	33	12,287
Others		11,578	–	–	32	11,610
Sub-total		23,832	–	–	65	23,897
Total		1,395,938	310,083	–	(42,274)	1,663,747

- (1) 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 be 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 15%-20% 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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Goodwill (Continued)

- (2) 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 15% of gross profit ratio and 3%-8% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

- (3) For details of goodwill arose from acquisition of Pteris Global Limited, C & C Trucks, Hong Kong Baijian Container, refer to V.(1).
- (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 2014	31 December 2013
Container asset group	107,992	127,524
Road transportation vehicles asset group	71,004	72,607
Energy, chemical and food equipment asset group	886,719	900,409
Offshore engineering asset group	234,601	234,338
Logistics services asset group	88,478	26,018
Heavy truck asset group	132,145	–
Airport equipment asset group	108,196	1,865
Asset groups with insignificant allocation percentage of goodwill group	34,612	33,177
<b>Total</b>	<b>1,663,747</b>	<b>1,395,938</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 18. Long-term prepaid expenses

	31 December 2013	Additions due to business combination	Current year addition	Current year amortisation	Exchange differences arising from translating foreign currencies	31 December 2014
Yard facility expenses	12,710	–	1,273	(3,393)	–	10,590
Rental	2,584	–	222	(2,455)	–	351
Project insurance and commission	20,946	–	67,065	(25,062)	–	62,949
Improvements to fixed assets held under operating leases	2,753	–	4,144	(1,300)	–	5,597
Water and electricity capacity enlargement expenses	791	–	–	(228)	–	563
Operating lease interest expenses	7,310	–	65	(22)	–	7,353
Tooling transformation	2,963	–	50,328	(13,665)	–	39,626
Others	46,018	–	48,249	(26,630)	(503)	67,134
Sub-total	96,075	–	171,346	(72,755)	(503)	194,163
Less: provision for impairment	–	–	–	–	–	–
Total	96,075	–	171,346	(72,755)	(503)	194,163

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. 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 2014		31 December 2013	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	753,684	185,499	699,393	143,546
Accrued liability	581,559	124,290	627,866	119,400
Employee benefits payable	1,552,604	378,625	1,603,419	378,868
Accrued expenses	286,648	55,886	233,385	44,391
Deductible losses	1,494,798	317,690	650,214	162,435
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	148,669	36,870	27,254	6,775
Others	129,694	31,244	101,028	24,959
<b>Sub-total</b>	<b>4,947,656</b>	<b>1,130,104</b>	<b>3,942,559</b>	<b>880,374</b>
Offsetting amount	(53,739)	(12,360)	(106,316)	(23,968)
<b>Offsetting balances</b>	<b>4,893,917</b>	<b>1,117,744</b>	<b>3,836,243</b>	<b>856,406</b>
Including:				
Amount estimated to reverse within 1 year (inclusive)		488,706		438,671
Amount estimated to reverse over 1 year		629,038		417,735
		<b>1,117,744</b>		<b>856,406</b>
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	(23,615)	(5,356)	(139,320)	(31,035)
Available-for-sale financial assets	(1,932)	(483)	(2,920)	(730)
Movement for fair value of hedging instrument	(1,219)	(183)	(10,974)	(1,646)
Revaluation gain through combination	(765,563)	(151,766)	(722,751)	(193,063)
Estimated dividend income earned for non-resident foreign enterprises	(513,458)	(18,330)	(3,892,743)	(355,651)
Others	(894,824)	(205,841)	(446,955)	(103,043)
<b>Sub-total</b>	<b>(2,200,611)</b>	<b>(381,959)</b>	<b>(5,215,663)</b>	<b>(685,168)</b>
Offsetting amount	53,739	12,360	106,316	23,968
<b>Offsetting balances</b>	<b>(2,146,872)</b>	<b>(369,599)</b>	<b>(5,109,347)</b>	<b>(661,200)</b>
Including:				
Amount estimated to reverse within 1 year (inclusive)		(6,054)		(33,411)
Amount estimated to reverse over 1 year		(363,545)		(627,789)
		<b>(369,599)</b>		<b>(661,200)</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 19. Deferred tax assets and deferred tax liabilities (Continued)

##### (2) Unrecognised deferred tax assets

	31 December 2014	31 December 2013
Deductible losses	1,034,158	833,015
Impairment losses of timber Concession rights	22,119	22,119
Others	66,658	66,658
<b>Total</b>	<b>1,122,935</b>	<b>921,792</b>

##### (3) Maturity of deductible losses that are not recognised as deferred tax assets:

	31 December 2014	31 December 2013	Note
2014	–	185,744	
2015	368,547	374,180	
2016	1,871,095	1,876,729	
2017	1,201,693	1,207,327	
2018	1,089,517	1,095,151	Note 1
After 2018	694,658	516,050	
<b>Total</b>	<b>5,225,510</b>	<b>5,255,181</b>	

Note 1: By the end of 2013 and 2014, 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.

The Group had no unrecognised deferred tax liabilities other than the above.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20. Other non-current assets

	31 December 2014	31 December 2013
Prepayment for construction	21,021	33,267
Prepayment for buildings	–	41,999
Prepayment for equipment	6,419	3,625
Prepayment for land use right	14,403	20,738
Prepayment for equity investment	–	17,420
Prepayment for trades	61,190	116,962
Entrusted loans	229,295	98,049
Others	9,612	1,037
<b>Total</b>	<b>341,940</b>	<b>333,097</b>

#### 21. Provision for asset impairment

	31 December 2013	Additions due to business combination	Current year addition	Current year decrease		Exchange differences arising from translating foreign currencies	31 December 2014
				reversal	write-off		
Provision for doubtful debts							
Including: provision for doubtful debts of accounts receivable	401,635	96	120,427	(100,394)	(48,106)	(20,884)	352,774
Provision for doubtful debts of other receivables	122,452	–	35,093	(42,768)	(804)	14,241	128,214
Provision for doubtful debts of advances to suppliers	183,026	–	73,205	(15,344)	(2,873)	9,432	247,446
Provision for doubtful debts of current portion of non-current assets	49,896	–	57,748	(2,951)	(2,090)	–	102,603
Provision for doubtful debts of long-term receivables	114,912	–	33,160	(250)	–	–	147,822
Provision for decline in value of inventories	400,850	5,252	98,257	(33,487)	(96,476)	(17,659)	356,737
Provision for impairment of long-term equity investments	2	–	–	–	–	–	2
Provision for impairment of available-for-sale financial assets	3,065	–	–	–	–	–	3,065
Provision for impairment of fixed assets	359,546	228	60,879	–	(48)	592	421,197
Provision for impairment of construction in progress	–	–	563	–	–	–	563
Provision for impairment of intangible assets	149,199	–	–	–	–	520	149,719
Provision for impairment of goodwill	23,832	–	–	–	–	65	23,897
<b>Total</b>	<b>1,808,415</b>	<b>5,576</b>	<b>479,332</b>	<b>(195,194)</b>	<b>(150,397)</b>	<b>(13,693)</b>	<b>1,934,039</b>

Please refer to the respective notes of the assets for reasons of the provisions.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 22. Restricted assets

As at 31 December 2014, assets with restrictions in their ownership are as follows:

	Note	31 December 2013	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2014
Assets used as collateral						
– Cash at bank and on hand	IV.1	589,551	644,483	(501,975)	77	732,136
– Accounts receivable	IV.4	148,235	1,367	(148,235)	–	1,367
– Inventories	IV.7	339,070	1,923	(324,369)	–	16,624
– Fix assets	IV.14	14,632	583,744	(495,709)	–	102,667
– Construction in progress	IV.15	1,223,018	–	(1,223,018)	–	–
– Intangible assets	IV.16	–	145,728	–	–	145,728
<b>Total</b>		<b>2,314,506</b>	<b>1,377,245</b>	<b>(2,693,306)</b>	<b>77</b>	<b>998,522</b>

The fixed assets and construction in progress are used as collaterals for mortgage loan. Refer to Note IV.23, IV.34 and IV.36 for detailed analysis of short-term and long-term mortgage loans of the Group. The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China by Finance Company.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 23. Short-term borrowings

##### (1) Classification of short-term borrowings:

	Note	31 December 2014	31 December 2013
<b>Guaranteed</b>	(a)		
RMB		70,000	10,000
USD		85,004	609,756
EUR		15,995	–
Sub-total		170,999	619,756
<b>Pledged</b>			
USD		–	724,593
<b>Impawn</b>	(b)		
RMB		5,044	12,848
EUR		–	11,577
Sub-total		5,044	24,425
<b>Unsecured</b>			
RMB		561,234	280,362
USD		9,443,805	4,698,684
HKD		35,499	860,777
EUR		423,292	–
GBP		72,838	36,183
AUD		37,679	–
Sub-total		10,574,347	5,876,006
<b>Discounted notes</b>			
RMB		489,137	–
<b>Total</b>		<b>11,239,527</b>	<b>7,244,780</b>

- (a) As at 31 December 2014, guaranteed borrowings of the Group consisted of bank loans of C&C Trucks amounting to RMB70,000,000 and loans of Raffles, including an amount of USD13,990,000 (85,004,000 in RMB) and EUR 2,147,000 (15,995,000 in RMB), guaranteed by the Group.
- (b) As at 31 December 2014, impawn loans of the Group was the loan of Qingdao Refrigeration Transport Equipment, amounting to RMB5,044,000, which impawned with notes receivables with the same par value.
- (c) As at 31 December 2014, there is no short-term borrowing owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.
- (d) As at 31 December 2014, the interest rate of short term borrowing ranged from 1.08% to 7.28% (2013: 0.93% to 8.31%).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 24. Financial liabilities at fair value through profit or loss

	Note	31 December 2014	31 December 2013
<b>Current</b>			
1. Derivative financial liabilities			
– Forward foreign exchange contracts	IV.2(4)	92,779	1,297
– Foreign exchange option contracts	IV.2(5)	3,206	–
2. Hedging Instrument		7,672	–
Sub-total		103,657	1,297
<b>Non-current</b>			
1. Derivative financial liabilities			
– Forward foreign exchange contracts	IV.2(4)	18,497	301
– Foreign exchange option contracts	IV.2(5)	12,880	–
– Interest rate swap	(i)	21,307	26,865
2. Hedging Instrument		2,712	–
3. Financial guarantee contracts		18,488	–
Sub-total		73,884	27,166
Total		177,541	28,463

- (i) As at 31 December 2014, 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 2014, the company recognised on the foresaid contracts in their fair values of RMB21,307,000 as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values.

#### 25. Notes payable

	31 December 2014	31 December 2013
Bank acceptance notes	1,101,809	885,662
Trade acceptance notes	531,474	279,209
Other notes payable	50,733	8,490
Total	1,684,016	1,173,361

The above notes payable are due within one year.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 26. Accounts payable

(1) The Group's accounts payable is as follows:

	31 December 2014	31 December 2013
Due to raw materials suppliers	11,364,903	7,781,645

The aging analysis of accounts payable is as follows:

	31 December 2014	31 December 2013
Within 1 year	11,212,248	7,394,944
1 to 2 years	48,846	204,088
2 to 3 years	44,834	81,389
Over 3 years	58,975	101,224
Total	11,364,903	7,781,645

As at 31 December 2014, accounts payable over 1 year with a carrying amount of RMB152,655,000 (31 December 2013: RMB386,701,000) 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.

(2) Accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company or related parties are as follows:

Company name	Relationship with the Group	31 December 2014		31 December 2013	
		Amount	% of total balance	Amount	% of total balance
Asahi Trading Co., Ltd	Minority shareholders of subsidiaries	79,140	0.70%	–	–
Xuzhou CIMC Wood Co., Ltd	Associates	11,597	0.10%	–	–
TSC	Associates	97,974	0.86%	93,854	1.21%
WHRJL*		–	–	50,756	0.65%
Other related parties		35,287	0.31%	6,789	0.09%
Total		223,998	1.97%	151,399	1.95%

\* As at 31 December 2014, WHRJL has become the subsidiary of the group.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 27. Advances from customers

(1) The Group's advances from customers is as follows:

	31 December 2014	31 December 2013
Advances for goods	2,895,002	2,326,678
Advances for construction	6,715	47,200
Advances for property	12,083	332,001
Others	140,983	215,009
<b>Total</b>	<b>3,054,783</b>	<b>2,920,888</b>

As at 31 December 2014, there is no significant individual advance from customers aged more than 1 year.

(2) As at 31 December 2014, amount due to shareholders who hold 5% or more of the voting rights of the Company as advances from customers:

Company name	Relationship with the Group	31 December 2014		31 December 2013	
		Amount	% of total balance	Amount	% of total balance
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Associates	–	–	2,277	0.08%
Tianjin Shounong Dongjiang Animal Husbandry Co., Ltd	Associates	1	0.00%	–	–
<b>Total</b>		<b>1</b>	<b>0.00%</b>	<b>2,277</b>	<b>0.08%</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 28. Employee benefits payable

	31 December 2014	31 December 2013
Short-term wages	2,263,886	2,114,263
Defined contribution plans	41,119	55,795
Dismission welfare	1,289	6,683
	2,306,294	2,176,741

## (1) Short-term wages

	31 December 2013	Additions due to business combination	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2014
Wages and salaries, bonuses, allowances and subsidies	1,424,427	29,103	4,553,267	(4,468,670)	260	1,538,387
Profit-sharing and senior management bonus	455,522	–	89,791	(34,157)	–	511,156
Cash-settled share-based payments	476	–	–	–	2	478
Housing funds	12,460	265	183,022	(189,070)	25	6,702
Labor union funds and employee education funds	43,526	23	55,735	(44,240)	8	55,052
Social security contributions and others	21,019	72	162,471	(169,153)	3	14,412
Including: Medical insurance	18,237	36	128,829	(135,640)	3	11,465
Work injury insurance	1,183	30	21,967	(21,683)	–	1,497
Maternity insurance	1,599	6	11,675	(11,830)	–	1,450
Other short-term wages	156,833	1,699	978,363	(999,077)	(119)	137,699
Total	2,114,263	31,162	6,022,649	(5,904,367)	179	2,263,886

## (2) Defined contribution plans

	31 December 2013	Additions due to business combination	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2014
Basic pensions	50,660	875	377,353	(391,225)	16	37,679
Unemployment insurance	5,135	(8)	22,413	(24,100)	3	3,443
Enterprise annuities	–	–	–	(3)	–	(3)
	55,795	867	399,766	(415,328)	19	41,119

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 28. Employee benefits payable (Continued)

##### (3) Dismission welfare

	31 December 2014	31 December 2013
Others(i)	1,289	6,683

(i) In 2014, the Group provide other compensation amounting to RMB1,289,000 to compensate for the termination of employment relationship.

Please refer to Note IX for cash-settled shared-based payments.

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.

Profit-sharing and 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 Profit-sharing and senior management bonus payable was unpaid balance accrued in prior years.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 29. Taxes payable

	31 December 2014	31 December 2013
Value-added-tax payable	98,256	88,098
Business tax payable	29,433	11,245
Enterprise income tax payable	433,971	369,023
Withholding individual income tax	25,031	19,566
City maintenance and construction tax payable	36,334	29,497
Educational surcharge payable	25,366	22,984
Land appreciation tax	83,581	88,616
Others	67,803	54,108
<b>Total</b>	<b>799,775</b>	<b>683,137</b>

#### 30. Interest payable

	31 December 2014	31 December 2013
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	–	10,909
Interest of short-term borrowings	4,379	22,491
Interest of corporate bonds	180,669	180,088
Others	732	40
<b>Total</b>	<b>185,780</b>	<b>213,528</b>

#### 31. Dividends payable

	31 December 2014	31 December 2013
Due to minority shareholders of subsidiaries	47,973	197,897

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 32. Other payables

(1) The analysis of the Group's other payables is as follows:

	Notes	31 December 2014	31 December 2013
Advance received		2,119,171	1,402,372
Transportation expenses		355,457	444,328
Accruals		987,885	946,826
Advance received for shipbuilding	(3)	411,873	410,366
Current account with subsidiary's minority		53,511	414,133
Quality guarantees		420,093	436,813
Equipment or land use rights		453,927	224,393
Professional and training fees		29,014	13,034
Housing maintenance fees		12,941	18,021
Royalties		17,561	19,190
Insurances		29,677	14,896
Others		395,842	675,126
<b>Total</b>		<b>5,286,952</b>	<b>5,019,498</b>

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantee, vehicle mortgage guarantee and various deposits.

(3) Raffles and Gadidae AB entered into a ship-building 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 RMB411,873,000, progress billing from MSC in 2007. As of 31 January 2011, Gadidae AB has become the subsidiary of the Group.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 32. Other payables (Continued)

- (4) As in the end of the year, 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 2014	31 December 2013
Marine Subsea & Consafe Limited	Associate	411,873	410,366
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	168,695	164,634
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	177,025	152,237
Quercus Limited	Minority shareholder of subsidiary	49,978	48,488
Gasfin Investment S.A	Minority shareholder of subsidiary	44,447	48,185
TSC	Associate	–	30,893
Shanghai Fengyang Inland Services B.V. (Netherlands)	Associate	26,390	26,390
	Minority shareholder of subsidiary	3,484	–
Other related parties		357	1,842
<b>Total</b>		<b>882,249</b>	<b>883,035</b>

#### 33. Provisions

	Note	31 December 2013	Current year additions	Current year payment	Current year reversal	Exchange differences arising from translating foreign currencies	31 December 2014
Product warranties	(1)	669,434	346,718	(182,036)	(184,110)	(6,533)	643,473
Guarantees for third parties		4,219	11,602	–	(12,818)	–	3,003
Others	(2)	110,828	45,820	(25,949)	(12,049)	(4,074)	114,576
<b>Total</b>		<b>784,481</b>	<b>404,140</b>	<b>(207,985)</b>	<b>(208,977)</b>	<b>(10,607)</b>	<b>761,052</b>

- (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) One of the subsidiary 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 34. Current portion of non-current liabilities

(1) The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2014	31 December 2013
Current portion of long-term borrowings			
– Unsecured		1,835,538	2,281,341
– Guaranteed	(a)	15,000	6,062
– Pledged	(b)	200,340	122,989
Sub-total		2,050,878	2,410,392
Current portion of long-term payables	(c)	109	47,016
Current portion of bonds payables	IV.37	2,000,000	–
Current portion of other non-current liabilities		1,867	1,367
Total		4,052,854	2,458,775

There were no overdue borrowings with extended maturity included in current portion of long-term borrowings.

- (a) As at 31 December 2014, the guaranteed borrowings are guaranteed by Enric for its subsidiaries.
- (b) As at 31 December 2014, pledged borrowings were comprised of RMB100,000,000 bank loan of C&C Trucks pledged by its fixed and intangible assets, and bank loans amounting to RMB100,340,000 of CIMC USA Leasing pledged by the subject matters of financing lease contracts.
- (c) Current portion of long-term payables

As at 31 December 2014, current portion of long-term payables included payables amounted to RMB109,000 to compensate employee occupation disease.

As at 31 December 2014, current portion of long-term payables included net financial leasing payable of RMB46,942,000, which calculated by a total amount of RMB51,160,000 minus unrecognised financing expenses of RMB4,218,000. Payables to compensate employee occupation disease of RMB74,000 was also included.

The Group had no financial leasing guaranteed by independent third parties.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 35. Other current liabilities

	31 December 2014	31 December 2013
Commercial paper issued by the Group	2,452,511	1,920,321

As at 20 December 2012, CIMC HK, the subsidiary of the Group, signed a trilateral cooperation framework agreement with Bank of China and Bank Merrill Lynch on issuing USD600 million commercial paper in the United States. The total financing of the three-year project reached USD600 million.

#### 36. Long-term borrowings

##### (1) Classification of long-term borrowings

	Note	31 December 2014	31 December 2013
Bank borrowings			
– Unsecured		10,251,466	7,151,439
– Pledged	(a)	543,708	550,726
– Guaranteed	(b)	315,122	52,979
– Impawn		–	6,099
<b>Total</b>		<b>11,110,296</b>	<b>7,761,243</b>

- (a) As at 31 December 2014, the Group's long-term pledged borrowings were borrowed by CIMC USA Leasing amounted to USD80,480,000 (equivalent to RMB492,542,000) and CAD 9,697,000 (equivalent to RMB51,166,000), which was pledged by the subject matters of financing lease contracts.
- (b) As at 31 December 2014, the Group's long-term guaranteed borrowings were comprised of the following: bank borrowing of C&C Trucks amounted to RMB287,750,000 guaranteed by HI, Wuhu Tairui Investment Co., Ltd and bank guarantee from commercial bank; bank borrowing of Hongxin Berg amounted to RMB27,372,000 guaranteed by Xiamen Hongxin Entrepreneur Incubator Investment Co. Ltd..
- (c) 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.
- (d) As at 31 December 2014, the interest rate of long-term borrowing ranges from 2.53% to 6.40%(2013: 2.55% to 8.63%).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 37. Debentures payable

	31 December 2013	Interest accrued at par value	Amortisation for premium/ discount	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2014
Medium-term notes	5,993,413	285,597	(282,930)	(2,000,000)	–	3,996,080
Convertible bonds	457,317	–	–	–	1,683	459,000
<b>Total</b>	<b>6,450,730</b>	<b>285,597</b>	<b>(282,930)</b>	<b>(2,000,000)</b>	<b>1,683</b>	<b>4,455,080</b>

(1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
Medium-term notes -11CIMC MTN1	4,000,000	23 May 2011	5 years	4,000,000
Medium-term notes -12CIMC MTN1	2,000,000	24 May 2012	3 years	2,000,000
Convertible bonds	471,402	10 December 2012	3 years	471,402
<b>Total</b>	<b>6,471,402</b>			<b>6,471,402</b>

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.

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 in 2014.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38. Long-term payables

	31 December 2014	31 December 2013
Financial Leasing payables	539,950	120,317
Payable to minority shareholders	120,789	120,789
Others	11,823	1,886
<b>Total</b>	<b>672,562</b>	<b>242,992</b>

##### (1) Details of financial leasing payables

As at 31 December 2014, 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 2014	31 December 2013
Within 1 year (inclusive)	–	51,160
Over 1 year but within 2 years (inclusive)	201,474	12,882
Over 2 years but within 3 years (inclusive)	187,322	18,520
Over 3 years	162,250	90,467
Sub-total	551,046	173,029
Less: unrecognised finance expenses	(11,096)	(5,770)
Carrying amounts	539,950	167,259

Please refer to Note IV.34 for net financial leasing payable due within one year minus unrecognised financing expenses.

The Group had no financial leasing guaranteed by independent third party during the year.

##### (2) As at 31 December 2014, 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 Group	31 December 2014	31 December 2013
Shunde Furi Real Estate Investment Co., Ltd	Subsidiaries' minority shareholder	120,789	120,789

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39. Payables for specific projects

	31 December 2013	Current year addition	Current year decrease	31 December 2014
Project funds	3,735	1,720	(1,120)	4,335
Others	–	610	–	610
<b>Total</b>	<b>3,735</b>	<b>2,330</b>	<b>(1,120)</b>	<b>4,945</b>

#### 40. Deferred income

	Note	31 December 2013	Current year addition	Current year decrease	31 December 2014	Reason
Government grants	(1)	386,429	134,063	(63,569)	456,923	Government Grants received, to be recognised in future periods
Others	–	–	10,700	–	10,700	Outright sale of operating leasing receivables, to be recognised in future periods
<b>Total</b>		<b>386,429</b>	<b>144,763</b>	<b>(63,569)</b>	<b>467,623</b>	

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40. Deferred income (Continued)

##### (1) Government grants

	31 December 2014	31 December 2013
Government grants related to assets:		
TAS industrial base project	30,513	30,593
Enric relocation compensation	180,880	143,715
Enric new factory government grants	87,334	94,273
TCCIMC land compensation	22,391	22,957
MEA special funds to support industrial innovation	7,359	8,279
Shandong R&D fund	4,495	5,220
QDCSR Polyurethane foam industry HCFC-141B fund	–	5,598
Zhenhua Group Drop and Pull Transport program	5,564	15,397
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	3,435	–
Government subsidies of XHCIMCS	17,362	–
Government subsidies of Xinhui Modular Building Manufacturing	10,764	–
TAS technology development fund	5,000	–
TAS information technology development special fund	5,250	–
Environmentally friendly mega deepwater floating production storage unit (FPSO) and application of the South China Sea	5,000	–
Special equipment controller and system industrialization based on various communication interfaces of CCHQ	5,000	–
Transfer of ownership of United Building from Wuhu Sanshan District to C&C Trucks	30,000	–
Others	12,681	9,764
Government grants related to income:		
Enric major technology application fund	3,001	30,225
Government subsidies for projects of Chongqing CIMC	8,423	–
Subsidies for MEA projects	6,301	–
Others	6,170	20,408
<b>Total</b>	<b>456,923</b>	<b>386,429</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40. Deferred income (Continued)

##### (1) Government grants (Continued)

Project name	31 December 2013	Current year additions	Amortised to non- operating income	Other changes	31 December 2014	Related to assets/ income
Enric relocation compensation	143,715	37,165	–	–	180,880	Related to assets
Enric new factory government grants	94,273	–	(6,939)	–	87,334	Related to assets
TAS industrial base project	30,593	–	(80)	–	30,513	Related to assets
Enric major technology application fund	30,225	–	(27,224)	–	3,001	Related to income
TCCIMC land compensation	22,957	–	(566)	–	22,391	Related to assets
Zhenhua Group Drop and Pull Transport program	15,397	–	(9,833)	–	5,564	Related to assets
CQLE Land grant fee refund	8,623	–	(200)	–	8,423	Related to income
MEA special funds to support industrial innovation	8,279	–	(920)	–	7,359	Related to assets
MEA-other	6,301	–	–	–	6,301	Related to income
QDCSR Polyurethane foam industry HCFC-141B fund	5,598	5,559	–	(11,157)	–	Related to assets
Shandong R&D fund	5,220	–	(725)	–	4,495	Related to assets
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	–	5,000	(1,565)	–	3,435	Related to assets
Government subsidies of XHCIMCS	–	17,362	–	–	17,362	Related to assets
Government subsidies of Xinhui Modular Building Manufacturing	–	10,764	–	–	10,764	Related to assets
TAS technology development fund	–	5,000	–	–	5,000	Related to assets
TAS information technology development special fund	–	5,250	–	–	5,250	Related to assets
Environmentally friendly mega deepwater floating production storage unit(FPSO) and application of the South China Sea	–	5,000	–	–	5,000	Related to assets
Special equipment controller and system industrialization based on various communication interfaces of CCHQ	–	5,000	–	–	5,000	Related to assets
Transfer of ownership of United Building from Wuhu Sanshan District to C&C Trucks	–	30,000	–	–	30,000	Related to assets
Others	15,248	7,963	(1,628)	(2,732)	18,851	Related to assets/ income
<b>Total</b>	<b>386,429</b>	<b>134,063</b>	<b>(49,680)</b>	<b>(13,889)</b>	<b>456,923</b>	

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 41. Share capital

	31 December 2013 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2014 '000
<b>Shares subject to trading restriction</b>					
– Held by domestic natural person	701	263	(330)	–	634
<b>Shares not subject to trading restriction</b>					
– RMB-denominated ordinary shares	1,231,214	9,970	–	330	1,241,514
– Foreign shares listed overseas	1,430,481	–	–	–	1,430,481
<b>Total</b>	<b>2,662,396</b>	<b>10,233</b>	<b>(330)</b>	<b>330</b>	<b>2,672,629</b>

	31 December 2012 '000	Current year additions '000	Change of shares subject to selling restriction '000	31 December 2013 '000
<b>Shares subject to trading restriction</b>				
– Held by domestic natural person	371	330	–	701
<b>Shares not subject to trading restriction</b>				
– RMB-denominated ordinary shares	1,231,544	–	(330)	1,231,214
– Foreign shares listed overseas	1,430,481	–	–	1,430,481
<b>Total</b>	<b>2,662,396</b>	<b>330</b>	<b>(330)</b>	<b>2,662,396</b>

The par value of the aforesaid shares was RMB1.00.

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).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 42. Capital surplus

	31 December 2013 (Restated)	Current year additions	Current year decrease	31 December 2014
Share premium	201,222	104,512	–	305,734
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	400,583	85,212	–	485,795
– Capital surplus due to share option exercised by subsidiary	5,179	10,972	–	16,151
– 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)	457,189	–	–	457,189
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(110,333)	–	(114,093)	(224,426)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital surplus due to acquisition or establishment of subsidiary	–	–	(51,925)	(51,925)
Others	104,118	–	–	104,118
<b>Total</b>	<b>651,828</b>	<b>200,696</b>	<b>(166,018)</b>	<b>686,506</b>



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 42. Capital surplus (Continued)

	31 December 2012 (Restated)	Current year additions	Current year decrease	31 December 2013
Share premium	201,222	–	–	201,222
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– 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
<b>Total</b>	<b>470,840</b>	<b>369,778</b>	<b>(188,790)</b>	<b>651,828</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 43. Other Comprehensive Income

	2014					31 December 2014
	31 December 2013	Pre-tax amount incurred in current year	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	
Item that may be reclassified subsequently to profit and loss:						
– Property revaluation reserve	43,754	–	–	–	–	43,754
– Change in fair value of available-for-sale financial assets	2,790	(858)	–	(858)	–	1,932
– Cash flow hedges	9,328	(14,540)	–	(14,540)	–	(5,212)
– Exchange differences arising from translating foreign currencies	(716,660)	(166,252)	–	(171,001)	4,749	(887,661)
	(660,788)	(181,650)	–	(186,399)	4,749	(847,187)

	2013					31 December 2013
	31 December 2012	Pre-tax amount incurred in current year	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	
Item that may be reclassified subsequently to profit and loss:						
– Property revaluation reserve	43,754	–	–	–	–	43,754
– Change in fair value of available-for-sale financial assets	410,886	(408,096)	–	(408,096)	–	2,790
– Cash flow hedges	5,002	4,326	–	4,326	–	9,328
– Exchange differences arising from translating foreign currencies	(532,333)	(181,631)	–	(184,327)	2,696	(716,660)
	(72,691)	(585,401)	–	(588,097)	2,696	(660,788)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 44. Surplus reserve

	31 December 2013	Current year additions	Current year decrease	31 December 2014
Statutory surplus reserve	1,331,196	5,118	–	1,336,314
Discretionary surplus reserve	1,790,092	–	–	1,790,092
<b>Total</b>	<b>3,121,288</b>	<b>5,118</b>	<b>–</b>	<b>3,126,406</b>

	31 December 2012	Current year additions	Current year decrease	31 December 2013
Statutory surplus reserve	1,269,744	61,452	–	1,331,196
Discretionary surplus reserve	1,790,092	–	–	1,790,092
<b>Total</b>	<b>3,059,836</b>	<b>61,452</b>	<b>–</b>	<b>3,121,288</b>

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 2014, 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 45. UNDISTRIBUTED PROFITS

	Note	2014	2013
Undistributed profits at the beginning of the year		14,899,313	13,392,795
Add: net profit attributable to the Company for the current period		2,477,802	2,180,321
Less: appropriation for surplus reserve		(5,118)	(61,452)
Less: ordinary share dividends payable	(1)	(720,037)	(612,351)
Undistributed profits at the end of the year	(2)	16,651,960	14,899,313

##### (1) Dividends of ordinary shares declared during the year

	2014	2013
Dividends proposed but not declared	–	–
Total proposed dividends in the year	720,037	612,351

In accordance with the resolution at the shareholders' general meeting of the Company, dated on 27 June 2014, the Company paid a cash dividend in the amount of RMB0.27 per share to the ordinary shareholders on 31 July 2014 (2013: RMB0.23 per share), amounting to RMB720,037,000 calculated by issued shares (2013: RMB612,351,000).

##### (2) Undistributed profits at the end of the year

As at 31 December 2014, included in the undistributed profits, RMB1,001,846,000 represents subsidiaries' surplus reserve attributable to the Company (31 December 2013: RMB895,468,000), including RMB106,378,000 which represented subsidiaries' surplus reserve appropriated in current year (2013: RMB114,411,000).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Revenue and cost of sales

(1)

	2014	2013
Revenue from main operations	68,773,066	56,699,378
Revenue from other operations	1,297,789	1,175,033
Cost of sales from main operations	58,018,973	47,683,165
Cost of sales from other operations	750,050	559,195

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

Industry	2014		2013	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers	23,319,277	20,300,442	20,742,617	17,914,037
Road transportation vehicles	12,794,515	10,753,377	12,710,935	10,878,433
Energy and chemistry equipment	12,298,168	9,740,172	10,977,969	8,734,675
Offshore business	5,567,590	5,156,453	3,457,644	3,473,166
Airport facilities	2,623,886	2,122,138	836,688	588,824
Logistics services	8,098,360	7,321,150	5,954,903	5,189,031
Finance	1,257,269	464,708	445,204	48,056
Real estate	1,132,026	682,760	1,324,273	698,229
Heavy tuck	698,363	648,760	–	–
Others	983,612	829,013	249,145	158,714
Total	68,773,066	58,018,973	56,699,378	47,683,165

(3) Revenue and cost of sales from main operations by locations

	2014		2013	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R China	60,400,093	50,965,121	51,509,655	43,146,391
America	2,136,896	1,939,917	1,827,487	1,654,810
Europe	4,015,146	3,357,103	1,787,657	1,574,318
Asia	1,626,699	1,300,878	591,614	460,149
Others	594,232	455,954	982,965	847,497
Total	68,773,066	58,018,973	56,699,378	47,683,165

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Revenue and cost of sales (Continued)

##### (4) Revenue and cost of sales from other operations

	2014		2013	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	831,058	467,923	622,975	283,810
Sale of raw materials	466,731	282,127	552,058	275,385
<b>Total</b>	<b>1,297,789</b>	<b>750,050</b>	<b>1,175,033</b>	<b>559,195</b>

#### 47. Taxes and surcharges

	2014	2013	Tax base
Business tax	123,246	146,516	3% – 5% of revenue
City maintenance and construction tax	145,489	123,129	7% of VAT and business tax paid
Educational-sur-charge	109,563	89,804	3% – 5% of VAT and business tax paid
Land appreciation tax	15,311	140,368	Appreciation amount in transfer-ring property and applicable tax rate
Others	9,496	7,751	
<b>Total</b>	<b>403,105</b>	<b>507,568</b>	

#### 48. Selling and distribution expenses

	2014	2013
Transportation and distribution expenses	1,042,459	698,206
External sales commission	61,066	38,680
Employ benefit	477,745	428,301
Warranty	135,739	69,641
Advertising	46,608	52,027
Storage	43,826	44,575
Selling operation	163,695	175,839
Others	377,091	325,464
<b>Total</b>	<b>2,348,229</b>	<b>1,832,733</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 49. General and administrative expenses

	2014	2013
Low-value consumables and materials consumed	107,981	93,295
Rental	129,024	107,514
Depreciation	195,551	175,452
Employ Benefit	1,806,044	1,453,137
Taxes and surcharges	214,764	160,611
Agency fee	227,248	172,765
Audit fees	9,460	8,260
Technology development costs	591,756	501,949
Amortisation	165,525	150,453
Performance bonus and president bonus	272,944	452,560
Share-based payment expenses	95,591	91,059
Office expenditure, entertainment fee and others	840,587	674,497
<b>Total</b>	<b>4,656,475</b>	<b>4,041,552</b>

#### 50. Financial expenses – net

	2014	2013
Interest expenses	1,166,695	877,600
Including: Bank borrowings	759,757	551,363
Finance leases	15,215	5,469
Debentures payable	303,525	312,520
Other liabilities	88,198	8,248
Less: borrowing costs capitalised	(412,821)	(339,469)
Interest income	(274,601)	(248,698)
Exchange (gains)/losses	(19,910)	72,182
Others	59,824	77,377
<b>Total</b>	<b>519,187</b>	<b>438,992</b>

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	31 December 2014		31 December 2013	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	759,757	–	575,781	–

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 51. Expenses by nature

Costs of services, selling expenses, general, administrative expenses and financial expenses in income statement by nature are analysis as follows:

	2014	2013
Finished goods and work-in-process movement	(168,434)	(812,351)
Consumption of raw materials and low priced and easily worn articles, etc	51,967,514	44,283,474
Salary and wages	6,425,427	5,326,375
Depreciation and amortisation	1,802,657	1,229,002
Rental	220,782	163,959
Financial expenses	519,187	438,992
Shipping and handling charges	1,042,459	698,206
Selling operation expenses	163,695	175,839
Technology development costs	591,756	501,949
Power expenses	650,431	359,127
Processing and repairing expense	307,799	129,484
Other expenses-other manufacturing expenses	765,508	466,856
Other expenses-other selling and distribution expenses	664,330	487,534
Other expenses-other general and administrative expenses	1,339,803	1,107,191
	66,292,914	54,555,637

#### 52. (Losses)/profit from changes in fair value

	2014	2013
<b>Financial assets at fair value through profit or loss</b>		
– Changes in fair value during the year-		
1. Profit from changes in fair value of equity instrument held for trading	88,996	16,855
2. (Losses)/profit from changes in fair value of derivative financial instrument	(109,393)	120,530
– Profit for derecognised financial assets at fair value through profit or loss	(88,122)	(13,936)
Sub-total	(108,519)	123,449
<b>Financial liabilities at fair value through profit or loss</b>		
– Changes in fair value during the year		
1. Losses from changes in fair value of derivative financial instrument	(120,206)	66,434
Total	(228,725)	189,883



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 53. Investment income

##### (1) Investment income by categories

	2014	2013
Income from disposal of financial assets at fair value through profit	88,122	13,936
Income earned during the holding period of available-for-sale financial assets	5,000	18,222
Income earned from disposal of available-for-sale financial assets	7,941	534,108
(Losses)/income from long-term equity investment under equity method	59,124	(55,513)
(Losses)/income from disposal of long-term equity investment	(8,278)	916
Income from disposal of leasing business	239,659	–
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date recognised in investment (losses)/income	41,863	(4,792)
Others	2,470	1,800
<b>Total</b>	<b>435,901</b>	<b>508,677</b>

Investment income from listed investments amount to RMB73,495,000 and investment income from non-listed investments amount to RMB362,406,000 (in 2013 investment income from listed investments amount to RMB547,943,000 and investment loss from non-listed investments amount to RMB39,266,000).

#### 54. Asset impairment losses

	2014	2013
Accounts receivable	20,033	46,600
Advance to suppliers	57,861	3,151
Other receivables	(7,675)	7,403
Inventories	64,770	96,003
Current portion of non-current assets	54,797	(11,165)
Long-term receivables	32,910	(8,585)
Fixed assets	60,879	5,524
Construction in progress	563	–
<b>Total</b>	<b>284,138</b>	<b>138,931</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 55. Non-operating income

##### (1) Non-operating income by categories

###### *Details of non-operating income*

	2014	2013	Amount recognised in non-recurring profit or loss in 2014
Gains on disposal of non-current assets			
Gains on disposal of fixed assets	16,982	11,282	16,982
Gains on disposal of intangible assets	4,099	140	4,099
Compensation income	5,374	5,369	5,374
Penalty income	8,041	10,850	8,041
Gains on merger and acquisition of associate companies	–	35,017	–
Government grants <sup>(2)</sup>	294,996	155,423	294,996
Others	60,187	56,142	60,187
<b>Total</b>	<b>389,679</b>	<b>274,223</b>	<b>389,679</b>

##### (2) Details of government grants

	2014	2013	Related to assets/earnings
Financial subsidies	281,523	150,233	Related to earnings
Tax refund	9,681	1,780	Related to earnings
Others	3,792	3,410	Related to earnings
<b>Total</b>	<b>294,996</b>	<b>155,423</b>	

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Non-operating expenses

	2014	2013	Amount recognised in non-recurring profit or loss in 2014
Losses on disposal of non-current assets			
Losses on disposal of fixed assets	54,182	34,718	54,182
Losses on disposal of intangible assets	109	1	109
Donations	3,167	941	3,167
Penalty expenses	5,943	3,653	5,943
Compensation expenses	2,279	3,856	2,279
Abnormal losses	14,066	13,813	14,066
Others	37,391	25,356	37,391
<b>Total</b>	<b>117,137</b>	<b>82,338</b>	<b>117,137</b>

#### 57. Income tax expenses

	2014	2013
Current income tax calculated based on tax law and related regulations	1,100,097	926,781
Deferred income tax	(563,609)	1,441
<b>Total</b>	<b>536,488</b>	<b>928,222</b>

Reconciliation between income tax expenses and accounting profits is as follows:

	2014	2013
Total profit	3,570,416	3,562,720
Income tax expenses calculated at applicable tax rates	846,986	822,909
Effect of tax incentive	(176,829)	(177,482)
Expenses not deductible for tax purposes	128,608	113,039
Income not subject to tax	(11,539)	(16,221)
Utilisation of previously unrecognised tax losses	(22,535)	(98,004)
Tax effect of unrecognised tax losses	178,608	216,470
Deductible temporary differences for which no deferred tax asset was recognised in previous years	(4,237)	(4,518)
Effect of tax rate change on deferred tax	6,343	3,323
Tax refund for income tax annual filing	1,847	324
Domestic purchased equipment tax refund	–	(14,048)
Income tax accruals/(reversed) for profit of foreign holding companies in current year	(410,764)	82,430
<b>Income tax expenses</b>	<b>536,488</b>	<b>928,222</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 58. 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:

	2014	2013
Consolidated profit attributable to ordinary shareholders of the Company	2,477,802	2,180,321
Weighted average number of ordinary shares out-standing ('000)	2,666,735	2,662,396
Basic earnings per share	0.93	0.82
Including: Going concern basic earnings per share	0.93	0.82

##### (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:

	2014	2013
Consolidated net profit attributable to ordinary shareholders of the Company	2,477,802	2,180,321
Effect of subsidiaries' share option program	(19,315)	(22,690)
Consolidated profit attributable to ordinary shareholders of the Company (adjusted)	2,458,487	2,157,631
Weighted average number of ordinary shares out-standing (diluted) ('000) (adjusted)	2,678,461	2,669,354
Diluted earnings per share	0.92	0.81

##### (a) Calculation of weighted average number of ordinary shares outstanding (diluted)

	2014	2013
Weighted average number of ordinary shares out-standing ('000)	2,666,735	2,662,396
Effect of share options ('000)	11,726	6,958
Weighted average number of ordinary shares out-standing (diluted) ('000)	2,678,461	2,669,354

The board of directors the Company was authorised to grant 60,000,000 shares (2.24% of the total issued shares 2,672,628,551 of the Company) to the senior management and other staff. Please refer to Note IX for the details of share options.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Notes to the consolidated cash flow statement

##### (1) Cash received relating to other operating activities

	2014	2013
Cash received from government grants related to assets	134,063	20,889
Cash received from guarantee deposit, Security deposit	47,520	57,727
Cash received from government grants related to income	294,996	173,850
Cash received from penalty income	8,041	10,850
Cash received from compensation income	5,374	5,369
Others	43,314	359,253
<b>Total</b>	<b>533,308</b>	<b>627,938</b>

##### (2) Cash paid relating to other operating activities

	2014	2013
Cash paid for transportation and distribution expenses	1,042,459	698,206
Cash paid for rental, insurance and other selling and distribution expenses	129,024	107,514
Cash paid for technical development costs	591,756	501,949
Cash paid for warranty	207,985	56,687
Cash paid for external sales commission	61,066	38,680
Cash paid for entertainment fee	851,827	674,146
Cash paid for travelling, office expenditure and other expenses in ordinary operation	1,709,449	1,089,100
<b>Total</b>	<b>4,593,566</b>	<b>3,166,282</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Notes to the consolidated cash flow statement (Continued)

##### (3) Cash received relating to other investing activities

	2014	2013
Cash received from interest income	263,423	264,165

##### (4) Cash received relating to other financing activities

	2014	2013
Cash received from issuing of commercial paper	509	1,920,321
Cash received from disposal of subsidiaries equity	–	562,813
Cash received from share option exercised by subsidiary	14,231	34,446
Total	14,740	2,517,580

##### (5) Cash paid relating to other financing activities

	2014	2013
Cash paid for from acquiring minority interests	179,521	309,444

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

#### 60. 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

	2014	2013
Net profit	3,033,928	2,634,498
Add: Provisions for asset impairment	284,138	138,931
Depreciation of fixed assets	1,442,306	990,117
Amortisation of intangible assets	219,517	182,823
Amortisation of investment properties and long-term prepaid expenses	140,834	28,490
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	33,210	23,297
Gains on merger and acquisition of associate companies	–	(35,017)
Losses/(profit) on change in fair value	228,725	(189,883)
Financial expenses	479,273	289,433
Investment (income)/losses	(435,901)	(508,677)
Share-based payment expenses	95,591	91,059
Increase in deferred tax assets	(260,918)	(126,825)
Decrease in deferred tax liabilities	(302,691)	(126,907)
Decrease in inventories	534,612	2,715,219
Increase in operating receivables	(1,425,708)	(4,202,508)
Increase in operating payables	2,367,561	845,876
Net cash flows from operating activities	6,434,477	2,749,926

Significant investing and financing activities that do not involve cash receipts and payments in 2014 except for the share swap of Pteris referred in Note V. 1(4).

###### (b) Net (decrease)/increase in cash and cash equivalents

	2014	2013
Cash and cash equivalents at the end of the year	2,935,251	4,181,496
Less: cash and cash equivalents at the beginning of the year	4,181,496	4,397,512
Net decrease in cash and cash equivalents	(1,246,245)	(216,016)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 60. Information to cash flow statement (Continued)

##### (2) Information on acquisition of subsidiaries and other business units during the year

	2014	2013
I. Information on acquisition of subsidiaries and other business units:		
Cash and cash equivalents paid for acquisition	552,500	1,206,846
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	731,111	260,429
Net cash paid/(gain) for the acquisition	(178,611)	946,417
Net assets held by the acquired subsidiaries		
Current assets	2,072,716	1,234,058
Non-current assets	2,164,695	1,921,405
Current liabilities	(3,305,309)	(1,117,745)
Non-current liabilities	(700,267)	(682,747)
Minority interest	(730,593)	(539,362)

##### (3) Cash and cash equivalents

	31 December 2014	31 December 2013
I. Cash		
Including: cash on hand	1,772	2,477
Cash at bank that can be readily drawn on demand	2,836,455	4,128,327
Other monetary fund that can be readily drawn on demand	97,024	50,692
II. Cash and cash equivalents at the end of the year	2,935,251	4,181,496

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 61. Monetary items denominated in foreign currency

	31 December 2014		
	Functional currency	Exchange Rate	RMB
Monetary fund -			
USD	50,545	6.1200	309,333
HKD	29,630	0.7889	23,375
AUD	22,658	5.0176	113,687
THB	186,618	0.1863	34,759
GBP	614	9.5420	5,862
EUR	150,937	7.4571	1,125,553
JPA	680,441	0.0514	34,955
Others	-	-	86,556
Accounts receivable -			
USD	680,457	6.1200	4,164,347
HKD	27,791	0.7889	21,924
JPA	786,180	0.0514	40,387
AUD	15,929	5.0176	79,926
EUR	127,523	7.4571	950,955
Others	-	-	162,314
Advance to suppliers-			
USD	612,668	6.1200	3,749,531
EUR	68,646	7.4571	511,904
GBP	1,065	9.5420	10,160
HKD	6,661	0.7889	5,255
AUD	294	5.0176	1,475
JPA	753,093	0.0514	38,709
Others	-	-	78,451
Other receivables -			
USD	106,544	6.1200	651,978
HKD	92,707	0.7889	73,136
EUR	18,755	7.4571	139,856
Others	-	-	137,392

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 61. Monetary items denominated in foreign currency (Continued)

	31 December 2014		
	Functional currency	Exchange Rate	RMB
Short-term borrowings -			
USD	1,556,995	6.1200	9,528,809
HKD	44,998	0.7889	35,499
EUR	58,909	7.4571	439,287
GBP	7,633	9.5420	72,838
AUD	7,518	5.0116	37,679
Accounts payable -			
USD	221,855	6.1200	1,357,740
HKD	70,765	0.7889	55,826
JPA	17,324	0.0514	890
EUR	133,186	7.4571	993,183
AUD	20,706	5.0176	103,893
SGD	59,186	4.6404	274,646
Others	-	-	62,618
Advances from customers -			
USD	111,018	6.1200	679,424
EUR	9,302	7.4571	69,365
HKD	4,047	0.7889	3,193
AUD	2,659	5.0176	13,340
Others	-	-	60,860
Other payables -			
USD	192,030	6.1200	1,175,215
HKD	53,124	0.7889	41,909
JPA	97,083	0.0514	4,987
EUR	17,560	7.4571	130,945
AUD	197	5.0176	990
Others	-	-	151,542

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION

#### 1. Business combinations involving enterprises not under common control

##### (1) Business combinations involving enterprises not under common control

The acquiree	The obtention date	Cost of acquisition	The equity ratio	Acquisition method	The acquisition date	Deterministic accordance of the acquisition date	Income of the acquiree from the acquisition date to the end of the year	Net profit of the acquiree from the acquisition date to the end of the year	Cash flows from operating activities of the acquiree from the acquisition date to the end of the year	Net cash flows of the acquiree from the acquisition date to the end of the year
C&C Trucks <sup>(2)</sup>	24th, July 2014	370,000	12.96%	by cash	July 24th, 2014	Date that capital funds arrived	1,058,555	(58,257)	(49,231)	(247,023)
Brigantine Services Limited (HK) <sup>(3)</sup>	8th January, 2014	132,500	70%	by cash	January 8th, 2014	Date of the approval of board of directors, resignation of former director, and examination and approval of the new constitution	239,910	16,746	(13,216)	(12,989)
Brigantine International Holdings Limited	8th January 2014	50,000	70%	by cash	January 8th, 2014	Date of the approval of board of directors, resignation of former director, and examination and approval of the new constitution	-	(11)	-	-
Pteris Global Limited ("Pteris") <sup>(4)</sup>	19th August, 2014	378,427	36.33%	By share swap	August 19th, 2014	date of equity delivery	191,441	(23,389)	(20,427)	75,926

##### (2) C&C Trucks

On 7th July 2014, the Group signed the capital increase agreement with other shareholders of C&C Trucks at the consideration of RMB370,000,000. Before this transaction, the Group already held 45% of equity interests in C&C Trucks, and the group's equity interests in C&C Trucks increased to 57.96% after the deal.

Details of the costs of combination and goodwill recognised are as follows:

##### *Costs of combination -*

Cash paid	370,000
The fair value of long-term equity investment held before	216,033
Total costs of combination	586,033
Less: fair value of identifiable net assets obtained	(492,703)
Goodwill	93,330

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

#### 1. Business combinations involving enterprises not under common control (Continued)

##### (2) C&C Trucks (Continued)

The assets and liabilities of C&C Trucks at the acquisition date are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2013 Carrying amount
Cash at bank and on hand	549,996	549,996	245,816
Accounts receivable	630,498	630,498	514,393
Inventories	876,438	876,438	879,096
Other current assets	255,041	255,041	257,280
Long-term equity investments	190,583	190,583	192,874
Fixed assets	944,349	945,053	940,557
Intangible assets	550,054	483,799	508,306
Other non-current assets	338,821	338,821	319,862
Less: borrowings	(1,085,500)	(1,085,500)	(1,338,000)
Accounts payable	(1,953,419)	(1,953,419)	(1,819,860)
Employee benefits payable	(17,069)	(17,069)	(22,583)
Deferred tax liabilities	(9,833)	-	-
Other liabilities	(411,282)	(411,282)	(123,557)
Net assets	858,677	802,959	554,184
Less: Minority interests	(365,974)		
Net assets obtained	492,703		

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

#### 1. Business combinations involving enterprises not under common control (Continued)

##### (2) C&C Trucks (Continued)

As at the date of acquisition, the fair values of identifiable fixed assets and intangible assets were defined by valuation. The fair value of deferred tax liabilities were similar to their carrying amount.

The group applied income approach to determine the fair value of the assets and liabilities in the acquisition date. Valuation techniques of main assets and its key assumptions are listed below: Intangible assets are mainly non-patented technology and patent, the management forecasted that from 2014 to 2018, the average annual growth rate will be 23% and the average gross profit margin will be 13%. The discount rate was defined as 15%.

After completion of the transaction mentioned above, on 19th December 2014 the group signed shareholding purchase contracts with Wuhu Tairui Automobile Co. Ltd. and further acquired 8.28% of equity in C&C Trucks for a total consideration of RMB130,000,000. After the deal the group held a total of 66.24% of equity interests in C&C Truck.

##### (3) Brigantine Services Limited (HK)

On 29th December 2013, the Group signed share transfer contracts with other shareholders of Brigantine Services Limited (HK) to acquire 70% of equity interests in Brigantine Services Limited (HK) at the consideration of RMB132,500,000. Brigantine Services Limited (HK), which registered in Hong Kong, mainly engaged in used shipping containers and containers' components and parts selling business.

Details of the costs of combination and goodwill recognised are as follows:

##### *Costs of combination -*

Cash paid	132,500
Total costs of combination	132,500
Less: fair value of identifiable net assets obtained	(82,712)
Goodwill	49,788

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

#### 1. Business combinations involving enterprises not under common control (Continued)

##### (3) Brigantine Services Limited (HK) (Continued)

The assets and liabilities of the acquiree at the acquisition date are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2013 Carrying amount
Cash at bank and on hand	54,873	54,873	54,873
Accounts receivable	13,831	13,831	13,831
Advance to suppliers	4,380	4,380	4,380
Other receivables	1,136	1,136	1,136
Inventories	17,263	15,761	15,761
Fixed assets	623	242	242
Intangible assets	98,777	–	–
Deferred tax assets	95	95	95
Other non-current assets	4,419	4,419	4,419
Accounts payable	(41,864)	(41,864)	(41,864)
Advances from customers	(8,355)	(8,355)	(8,355)
Employee benefits payable	(3,225)	(3,225)	(3,225)
Other payables	(18,666)	(18,666)	(18,666)
Dividends payable	(5,127)	(5,127)	(5,127)
Net assets	118,160	17,500	17,500
Less: Minority interests	(35,448)		
Net assets obtained	82,712		

As at the date of acquisition, the fair values of identifiable intangible assets were defined by valuation. The fair value of other liabilities were similar to their carrying amount.

The group applied income approach to determine the fair value of the assets and liabilities in the acquisition date. Valuation techniques of main assets and its key assumptions are listed below: Intangible assets are mainly customer agreements for five years, The management forecasted that from 2014 to 2017, the average annual growth rate will be 20%, which will fall 31% in 2018, and the average gross profit margin will be 15%. The discount rate was defined as 9.71%.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

#### 1. Business combinations involving enterprises not under common control (Continued)

##### (4) Pteris

On 19 August, 2014, the group completed the stock-for-stock deal with Pteris. The group agreed to disposed its entire equity of Techman (Hong Kong) Limited, registered in HK and the wholly owned subsidiary of the group, to Pteris, and funneled the equity of Tianda Airport Support Ltd. it owned into Petris. As consideration, Pteris would issue new shares to the group.

Before this transaction, the Group already held 14.99% of equity interests in Pteris, and the group's equity interests in Pteris increased to 51.32% after the deal. Since then, Pteris became a indirect and not-wholly-owned subsidiary of the group, and Tianda Airport Support Ltd is still the subsidiary of the company.

From the accounting perspective, the substance of the stock-for-stock deal between the group and Pteris mentioned above is transferring equity interests in the Tianda Airport Support Ltd, in order to get the controlling rights of Pteris.

Combination cost, the assets and liabilities of the acquiree at the acquisition date, and the goodwill recognised are as follows:

*Combination cost-*

the fair value of the new shares of Tianda Airport Support Ltd.

treated as issuing to the original shareholders of Pteris 378,427

– the original equity held by the group (14.99%)	56,726
– minority equity-other shareholders of Pteris	321,701

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2013 Carrying amount
Cash and cash equivalents	111,885	111,885	101,612
Accounts receivable and other receivables	144,564	144,564	134,511
Inventories	86,908	114,595	198,432
Fixed assets	324,172	127,468	133,412
Other financial assets	715	715	1,133
Accounts payable and other payables	(110,017)	(84,386)	(90,644)
Advances from customers	(20,649)	(20,649)	(36,738)
Loans	(257,967)	(257,967)	(255,034)
Provision	(15,420)	(15,420)	(19,429)
Provision of taxation	15	15	(928)
Deferred tax liabilities	(1,257)	(1,257)	(1,891)
Total identifiable net assets	262,949	119,563	164,436
Goodwill	115,478		
Acquisition cost	378,427		

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

#### 1. Business combinations involving enterprises not under common control (Continued)

##### (4) Pteris (Continued)

As at the date of acquisition, the fair values of fixed assets were defined by Similar Property Sales Price Method. The fair value of other assets and liabilities were similar to their carrying amount.

Under certain conditions, the Company is required to issue certain number of share as appropriate to the group and another minority shareholder which used to hold 30% of equity interests in Tianda Airport Support Ltd. in the period from 19 August 2014 to 19 August 2019. On 19 December 2014, the Company agreed with the minority shareholder on the number of shares to be issued. Considering the increased issues in stocks of Pteris mentioned above, the group's equity interests in Pteris increased from 51.32% to 53.84% after the deal.

#### 2. Disposal of subsidiaries

There is no loss of control of subsidiaries by disposal of equity interest for the current year.

### VI. EQUITY IN OTHER ENTITIES

#### 1. Equity 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.

As at 31 December 2014, the number of companies included in the scope of consolidation added up to 490. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 274, with paid-in capital amounting to RMB62,016,786.86. 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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination

##### (i) Domestic subsidiaries

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sale of container, container stockpiling business	75.00%	25.00%
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	15.56%	84.44%
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture, repair and sale of containers	20.00%	50.00%
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sale of containers	–	71.00%
5	Tianjin CIMC Containers Co., Ltd. (TJCMC)	Tianjin	Tianjin	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	75.00%	25.00%
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Dalian, Liaoning	Dalian, Liaoning	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	42.53%	57.47%
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	25.00%	75.00%
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Taicang, Jiangsu	Taicang, Jiangsu	Manufacture and repair of container	50.00%	50.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and repair of container	–	100.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	60.00%	40.00%
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Shanghai	Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and Heat; Preservation car	72.00%	20.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	–	71.00%
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	19.01%	80.99%
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and sale of various container, semi-finished container relevant components and parts	–	70.52%
15	Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	55.00%	45.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
16	Nantong CIMC Large-sized Tank Co., Ltd.	Nantong, Jiangsu	Nantong, Jiangsu	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	–	70.52%
17	Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	–	80.00%
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Qingdao, Shandong	Qingdao, Shandong	Development, production and sales of various special-use vehicles, special vehicles, vehicles, refitting trailer series as well as relevant components and parts	44.34%	44.52%
19	Foshan CIMC logistics equipment Co., Ltd	Foshan, Guangdong	Foshan, Guangdong	Design, production, sale and maintenance of logistics equipment and tooling equipment	–	100.00%
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Shanghai	Shanghai	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	–	80.00%
21	Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Beijing	Beijing	Construction and operation of auxiliary warehousing equipments management and relevant service	–	80.00%
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Yingkou, Liaoning	Yingkou, Liaoning	Development and production of various trailer, special-use vehicles as well as components and parts	–	80.00%
23	Tianjin CIMC Special Vehicles Co., Ltd. (TJXV)	Tianjin	Tianjin	Production and sales of box car, mechanical products, metal structure member; relevant advisory service	–	80.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
24	CIMC – SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Xi'an Shaanxi	Xi'an Shaanxi	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	–	60.00%
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Baiyin, Gansu	Baiyin, Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of relevant materials	–	80.00%
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Jiangmen, Guangdong	Jiangmen, Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	–	80.00%
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Qingdao, Shandong	Qingdao, Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	–	65.60%
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Shanghai	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	–	80.00%
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Shenzhen, Guangdong	Shenzhen, Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	75.00%	25.00%
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sales of Various, Manufacture and sales of various other transport equipments and spare parts	–	88.00%
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	–	70.52%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
32	Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and operation of various airport-purpose electromechanical equipment products	–	51.32%
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Jiangmen, Guangdong	Jiangmen, Guangdong	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	–	100.00%
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Inner Mongolia	Inner Mongolia	Production and sales of various container wood floors and wood products for transport equipments	–	100.00%
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	–	100.00%
36	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Shenzhen, Guangdong	Shenzhen, Guangdong	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	–	100.00%
37	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Ningbo, Zhejiang	Ningbo, Zhejiang	Goods traffic; goods package, sorting, examination and logistics advisory service	–	100.00%
38	Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Shanghai	Shanghai	Container transshipment, stockpiling, devanning, vanning, and warehousing, container maintenance, try-off and technical service	–	95.00%
39	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	98.53%	1.47%
40	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Urumqi, Xinjiang	Urumqi, Xinjiang	Production and sales of mechanical equipments as well as relevant technical development	–	80.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
41	CIMC Vehicle (Group) Co., Ltd. (HI)	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	56.00%	24.00%
42	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sale of various container, semi-finished container product and relevant components and parts	5.08%	94.92%
43	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Tianjin	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	75.00%	25.00%
44	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	50.00%	50.00%
45	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Chongqing	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	75.00%	25.00%
46	Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Dalian, Liaoning	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	62.70%	37.30%
47	Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Shenzhen, Guangdong	Shenzhen, Guangdong	Design, development, sale, surrogate of electron production software and system	70.00%	30.00%
48	CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Taicang, Jiangsu	Taicang, Jiangsu	Research and development, production and sale of reefer container and special container	70.00%	30.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
49	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Suining, Hunan	Suining, Hunan	Manufacturing and sale of bamboo and wood product	–	100.00%
50	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHCV)	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sale of car and car components and parts	–	60.00%
51	CIMC Energy Chemical Engineering technology Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	–	100.00%
52	CIMC Management and Training (Shenzhen) Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Design of marketing activities scheme organization of academic and commercial conference and exhibition	100.00%	–
53	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	–	100.00%
54	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Design, manufacturing and maintenance of containers, board square cabin and; relevant components and parts relevant advisory and service	–	100.00%
55	Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Yantai, Shandong	Yantai, Shandong	Research and development of marine operation platform and other marine engineering service	75.00%	25.00%
56	Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Shanghai	Shanghai	Refitting and maintenance of containers; providing containers information system management and advisory service	–	70.00%
57	CIMC Wood Development Co., Ltd. ("CIMCWD")	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sales of wood products for various modern transportation equipment	75.00%	25.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
58	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate development	–	82.00%
59	Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu)	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Real Estate Development, sales and leasing	–	89.20%
60	Ningbo Runxin Container Co., Ltd	Ningbo, Zhejiang	Ningbo, Zhejiang	Cleaning and repair of containers, stockpiling, vanning	–	60.00%
61	Chengdu CIMC Vehicle Co., Ltd (“CD Vehicle”)	Chengdu, Sichuan	Chengdu, Sichuan	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	–	80.00%
62	CIMC Finance Company (“Finance Company”)	Shenzhen, Guangdong	Shenzhen, Guangdong	Providing financial service	100.00%	–
63	Shenzhen CIMC Investment Holding company (“SZ Investment Holding”)	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment, sale and leasing of containers and container property	100.00%	–
64	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd (“HJQM”)	Zhumadian, Henan	Zhumadian, Henan	Sales and repair of various vehicles, as well as relevant components and parts	–	80.00%
65	Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Zhumadian, Henan	Zhumadian, Henan	casting manufacturing for Vehicle and coal mining machinery	–	56.00%
66	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Shanghai	Shanghai	Design and research of marine operation platform and other ocean engineering	80.00%	20.00%



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
67	Shenzhen CIMC Investment Co., Ltd (SZ Investment)	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment investment management and related investment business	100.00%	–
68	Shenzhen Sky Capital Co., Ltd (SESKYC)	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment investment management and related investment business	90.00%	10.00%
69	Ningbo MRO Trading Co., Ltd. (MRO)	Ningbo, Zhejiang	Ningbo, Zhejiang	Production and sales of gas mask and other plastic productions	–	100.00%
70	Shenzhen CIMC Container Holding Co., Ltd. (Container Holding)	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment management and related investment business	100.00%	–
71	Chengdu CIMC Logistics Equipments Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Chemical liquid tank truck and semi-trailer	–	80.00%
72	Shanxi CIMC Vehicle Industry Garden	Xianyang, Shaanxi	Xianyang, Shaanxi	Production and sales of vehicle	–	80.00%
73	CIMC Holdings (B.V.I.) Limited (CIMC BVI)	Jiangmen, Guangdong	Jiangmen, Guangdong	Investment	–	100.00%
74	CIMC modular building design & Development Co. Ltd.	Jiangmen, Guangdong	Jiangmen, Guangdong	Design modular building and decorations	–	87.40%
75	CIMC Cold Chain Research Institute Co., Ltd.	Qingdao, Shandong	Qingdao, Shandong	Standard shipping refrigerated Containers and refrigerated containers	–	100.00%
76	CIMC Cold Chain Investment Co. Ltd.	Qingdao, Shandong	Qingdao, Shandong	Investments	–	100.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
77	Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	Shenyang, Liaoning	Shenyang, Liaoning	Investment management, asset trustee management	–	80.00%
78	Shenzhen Tianda CIMC Logistics System Engineering Co Ltd	Shenzhen, Guangdong	Shenzhen, Guangdong	Automatic logistics system engineering, real-time logistics management system	–	51.32%
79	Dongguan cimc innovation industrial park development Co., Ltd.	Dongguan, Guangdong	Dongguan, Guangdong	Innovation industrial park investment, real estate development & management	–	82.00%
80	Zhejiang Teng Long Industry Group Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Sale of wood and bamboo products, bamboo and wood technology research and development, consulting	–	51.00%
81	Guangdong Xinhui Modular Building Manufacturing Co. Ltd.	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sale of integrated houses, prefabricated houses, metal structure	–	100.00%
82	Shenzhen CIMC new process of Automotive Supply Chain Management Co. Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Supply Chain Management	–	60.00%
83	Shanghai Xinzhitu Logistics	Shanghai	Shanghai	International Freight transport agents, general cargo transport	–	100.00%
84	Qianhai CIMC leasing (Shenzhen) Co., Ltd. ("Qianhai rental")	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease business Lease transaction advisory	–	100.00%
85	Shenyang CIMC logistics equipment Co., Ltd. ("Shenyang Logistics")	Shenyang Liaoning	Shenyang Liaoning	Manufacturing logistics equipment. Development. Design. Sales. Installation	–	100.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
86	Langfang CIMC airport equipment Limited company ("Langfang CIMC")	Langfang Hebei	Langfang Hebei	Production and operation of various airport and port Mechanical and electrical products for export	–	51.32%
87	Yantai Tiezhongbao steel processing Co., Ltd. ("Tiezhongbao")	Yantai Shandong	Yantai Shandong	R & D, manufacturing leg structure of sales of products	–	65.00%
88	Qingdao CIMC Innovation Industrial Park Development Co. Ltd. ("Qingdao Creative Industry Park")	Qingdao Shandong	Qingdao Shandong	Development and management of real estate property management	–	82.00%
89	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Xuancheng	Xuancheng	Development, production and sales of various special-use vehicles and engineering machinery	–	66.24%
90	Zhenghua (Tianjin) Container Service Co., Ltd. ("Zhenghua Container Service")	Tianjin	Tianjin	Domestic and international freight transport agents, and relevant advisory service	–	75.00%
91	Kunshan CIMC Automatic logistic equipment Co., Ltd ("Kunshan CIMC")	Kunshan Jiangsu	Kunshan Jiangsu	Automatic logistics system, and air cargo handling system	–	51.32%
92	CIMC Tianda (Longyan) Investment Development Co., Ltd.	Longyan Fujian	Longyan Fujian	The parking lot investment, asset management and real estate development business	–	30.79%
93	Albert Ziegler GmbH (Beijing) Sales Co., Ltd. (Ziegler")	Beijing	Beijing	Fire trucks, rescue vehicles and relevant accessories, machinery equipment import-export business and relevant agent business	–	100.00%
94	Shenzhen cimc yuanwang valley intelligent technology co., LTD ("Shenzhen yuanwang valley")	Shenzhen Guangdong	Shenzhen Guangdong	Automatic identification products, radio frequency identification systems and products and relevant advisory business	–	76.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
95	Shenzhen cimc electricity commerce and logistics technology co, LTD	Shenzhen Guangdong	Shenzhen Guangdong	The development of electric commerce platform and domestic trade	–	100.00%
96	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY) ("Sanctum Cryogenic")	Nantong Jiangsu	Nantong Jiangsu	Manufacture and sale of cryo equipment and chemical metallurgy	–	70.52%
97	Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	–	80.00%
98	Guangdong CIMC Vehicle Industry Garden ("Guangdong Vehicle Industry Garden")	Dongguan Guangdong	Dongguan Guangdong	Project investment, real estate development, rental and sales of houses and sites	–	80.00%
99	Zhenhua (Tianjin) supply chain management co, LTD ("Zhenhua supply chain management")	Tianjin	Tianjin	Warehouse service; Logistic Distribution, and loading, unloading, handling services	–	75.00%
100	Cimc technology co., LTD ("Jiangmen CIMC technology")	Jiangmen Guangdong	Jiangmen Guangdong	Intelligent equipment technology development industry development	–	100.00%
101	Shenzhen CIMC Vehicle Park Investment Management Co., Ltd. ("Shenzhen Vehicle Park")	Shenzhen Guangdong	Shenzhen Guangdong	Investment management, assets fiduciary management	–	80%
102	CIMC Modern Logistic Development Co., Ltd. ("Modern Logistic")	Tianjin	Tianjin	International Freight transport agents, general and CIQ affairs	–	100.00%
103	Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. ("Dongguan Southern CIMC")	Dongguan Guangdong	Dongguan Guangdong	Manufacture and repair container and containers stacking storage operation	10.00%	90.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (ii) Overseas subsidiaries

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
104	CIMC Holdings (B.V.I.) Limited	British Virgin Islands	British Virgin Islands	Investment	–	100.00%
105	CIMC Tank Equipment Investment Holdings Co., Ltd.	Hongkong, China	Hongkong, China	Investment	–	100.00%
106	CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)	Thailand	Thailand	Production and sales of various special vehicles	–	82.00%
107	CIMC Vehicle Investment Holding Co., Ltd. ("CIMC Vehicle")	Hongkong, China	Hongkong, China	Investment	–	80.00%
108	CIMC Europe BVBA ("BVBA")	Belgium	Belgium	Investment	–	100.00%
109	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Hongkong, China	Hongkong, China	Investment	100.00%	–
110	CIMC Burg B.V. ("BV")	Holland	Holland	Investment	–	100.00%
111	Tacoba Forestry Consultant N.V. ("Suriname") ("Tacoba")	Suriname	Suriname	Sale of wood	–	100.00%
112	Charm Wise Limited ("Charm Wise")	Hongkong, China	Hongkong, China	Investment	–	100.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
113	Gold Terrain Assets Limited ("GTA")	British Virgin Islands	British Virgin Islands	Investment	–	100.00%
114	Full Medal Holdings Ltd. ("Full Medal")	British Virgin Islands	British Virgin Islands	Investment	–	70.52%
115	Charm Ray Holdings Limited ("Charm Ray")	Hongkong, China	Hongkong, China	Investment	–	70.52%
116	Charm Beat Enterprises Limited ("Charm Beat")	British Virgin Islands	British Virgin Islands	Investment	–	100.00%
117	Sharp Vision Holdings Limited ("Sharp Vision")	Hongkong, China	Hongkong, China	Investment	–	100.00%
118	Sound Winner Holdings Limited ("Sound Winner")	British Virgin Islands	British Virgin Islands	Investment	–	70.52%
119	Grow Rapid Limited ("Grow Rapid")	Hongkong, China	Hongkong, China	Investment	–	100.00%
120	Powerlead Holding Ltd. ("Powerlead")	British Virgin Islands	British Virgin Islands	Investment	–	100.00%
121	Cooperatie Vela U.A.	Holland	Holland	Investment	–	70.52%
122	Vela Holding B.V.	Holland	Holland	Investment	–	70.52%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) Subsidiaries obtained through establishment or business combination (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
123	CIMC Financial Leasing(HK) Co Ltd.	Hongkong, China	Hongkong, China	Finance Lease	–	100.00%
124	CIMC Offshore Holdings Limited (“CIMC Offshore”)	Hongkong, China	Hongkong, China	Investment	–	100.00%
125	Cooperatie CIMC U.A. (“COOP”)	Holland	Holland	Investment	99.00%	1.00%
126	North Sea Rigs Holdings (“NSR”)	British Virgin Islands	British Virgin Islands	Finance Lease project company	–	91.50%
127	Hongkong CIMC Tianda Airport Support Ltd. (“TAS Hongkong”)	Hongkong, China	Hongkong, China	Investment	–	51.32%
128	CIMC Development (Australia) Pty Ltd (“Development Australia”)	Australia	Australia	Investment	–	100.00%
129	Beacon holdings Group Ltd (“Beacon holdings”)	British Virgin Islands	British Virgin Islands	Finance Lease project company	–	100.00%
130	Lihua Logistics Company Limited (“Lihua”)	Hongkong, China	Hongkong, China	Logistics	–	75.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity 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

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Luoyang, Henan	Luoyang, Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	–	60.00%
2	Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Wuhu, Anhui	Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	–	60.00%
3	Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Liangshan, Shandong	Liangshan, Shandong	Production and sales of mixing truck, special vehicle and components and parts	–	60.00%
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Qingdao, Shandong	Qingdao, Shandong	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	32.83%	67.17%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Qingdao, Shandong	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	9.48%	90.52%
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Tianjin	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	47.50%	52.50%
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	35.37%	59.37%



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Zhangqiu, Shandong	Zhangqiu, Shandong	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	–	69.61%
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Zhangzhou, Fujian	Zhangzhou, Fujian	Manufacture and sale of container as well as relevant technical advisory	65.00%	35.00%
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	–	80.00%
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCMC)	Zhumadian, Henan	Zhumadian, Henan	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle related materials	–	80.00%
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Zhangjiagang, Jiangsu	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	–	70.52%
13	Donghua Container Transportation Service Co., Ltd. (DHCTS)	Shanghai	Shanghai	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	–	70.00%
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	75.00%	25.00%
15	Qingdao Kooll Logistics Co., Ltd (QDHFL)	Qingdao, Shandong	Qingdao, Shandong	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	–	80.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
16	Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu)	Bengbu, Anhui	Bengbu, Anhui	Manufacturing base of NG compressor and related products	–	70.52%
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Manufacturing pressure vessel	–	70.52%
18	Enric (Langfang) Energy Equipment integration Co., Ltd. (Langfang Enric)	Langfang, Hebei	Langfang, Hebei	Manufacturing and exploiting Energy Equipment integration	–	70.52%
19	Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Beijing	Beijing	Manufacturing and exploiting Energy Equipment integration	–	70.52%
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Jingmen, Hubei	Jingmen, Hubei	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	–	70.52%
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd	Jingmen, Hubei	Jingmen, Hubei	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	–	56.42%
22	Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Ningguo, Anhui	Ningguo, Anhui	Construction of offshore project and supplement	–	60.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
23	Yantai CIMC Raffles offshore Ltd. (YCRO)	Yantai, Shandong	Yantai, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	–	97.89%
24	Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Yantai, Shandong	Yantai, Shandong	Construction of ship as well as component; sales of container and offshore oil platform channel and steel production	–	83.47%
25	Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Haiyang, Shandong	Haiyang, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	–	97.89%
26	Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Longkou, Shandong	Longkou, Shandong	Construction of offshore project and supplement	–	97.89%
27	Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV")	Jining, Shandong	Jining, Shandong	manufacture and sales of mixing truck, special vehicle and components and parts	–	60.00%
28	Xinfa Airport Equipment Ltd.	Beijing	Beijing	manufacture and sales of airport shuttle buses	–	35.92%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
29	Yangjiang Shangdong Furi Real Estate Co., Ltd ("YJFR")	Yangjiang, Guangdong	Yangjiang, Guangdong	Real estate development and operation planning and consulting, sale of construction materials and inner house decoration	–	49.20%
30	Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI")	Nanjing, Jiangsu	Nanjing, Jiangsu	project relating to petrochemical industry	–	70.52%
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Tianjin	Tianjin	Container and cargo distribution and repairment	–	75.00%
32	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Xiamen, Fujian	Xiamen, Fujian	Financial leasing and leasing business	–	51.00%
33	Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Tianjin	Tianjin	construction and operation of warehousing facilities Container depot	–	45.00%
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Tianjin	Tianjin	Non-vessel carrier, freight agent	–	75.00%
35	Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Qingdao, Shandong	Qingdao, Shandong	General cargo, dangerous goods transport	–	75.00%
36	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Tianjin	Tianjin	Customs clearance and related consulting services	–	75.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
37	Zhenhua International Shipping Agency (Qingdao) Co., Ltd.	Qingdao, Shandong	Qingdao, Shandong	International shipping agency business	–	75.00%
38	Tianjin Zhenhua International Shipping Agency Co. Ltd.	Tianjin	Tianjin	International shipping agency business	–	75.00%
39	Shanghai Zhenhua International Shipping Agencies Ltd.	Shanghai	Shanghai	International shipping agency business	–	75.00%
40	Tianjin Port CIMC Zhenhua Logistics Co., Ltd.	Tianjin	Tianjin	General cargo, dangerous goods transport	–	75.00%
41	Tianjin Zhenhua International Trade Bonded Warehousing Co. Ltd.	Tianjin	Tianjin	Cargo transport agency services	–	75.00%
42	Shandong Wanshida Logistics Co. Ltd. (“Wanshida Logistics”)	Jining Shandong	Jining Shandong	Logistics distribution, vehicle, special vehicle, agricultural vehicle, automobile	–	60.00%
43	Brigantine Services (Shenzhen) Co. Ltd. (“Shenzhen Brigantine”)	Shenzhen Guangdong	Shenzhen Guangdong	Provides a container and ship repair services and related technical consulting services	–	70.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (i) Domestic subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
44	Brigantine Services (Shanghai) Co. Ltd. ("Shanghai Brigantine")	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	–	70.00%
45	Tianjin port free trade zone Kaichang oil marketing Co. Ltd. ("Kaichang oil marketing")	Tianjin	Tianjin	Sales of petroleum products, warehouse sales	–	45.00%
46	C&C Trucks marketing service Co., Ltd. ("C&C Marketing Service")	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis engine and relevant components and parts	–	66.24%
47	Jiajing Technology Co., Ltd. ("Jiajing Technology")	Wuhu Anhui	Wuhu Anhui	Industrial design and new technology development mainly about automobile and its accessories	–	66.24%
48	Wuhu Xingfu Real Estate Co., Ltd ("Wuhu Xingfu Real Estate")	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	–	43.20%
49	Ruiji Logistics(Wuhu) Co., Ltd ("WHRJL")	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	–	83.12%
50	C&C Trucks Co., Ltd. ("C&C Trucks")	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	66.24%	–
51	Anhui FeiCai (Group) co., LTD ("Anhui FeiCai (Group)")	Wuhu Anhui	Wuhu Anhui	Manufacture and sale of agricultural vehicles, agricultural machinery and relevant accessories	–	66.24%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (ii) Overseas subsidiaries

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
52	CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)	Australia	Australia	Sales of vehicles	–	100.00%
53	Enric Energy Equipment Holdings Limited Note VI,1(4)	Cayman Islands	Cayman Islands	Investment	–	70.52%
54	Burg Industries B.V.	Holland	Holland	Investment	–	100.00%
55	Holvrieka Holding B.V.	Holland	Holland	Investment	–	70.52%
56	Holvriekaldo B.V.	Holland	Holland	Sales of tank equipment	–	70.52%
57	Holvrieka Nirota B.V.	Holland	Holland	Production, assembly and sale	–	70.52%
58	Noordkoel B.V.	Holland	Holland	Sales of tank equipment	–	70.52%
59	Beheermaatschappij Burg B.V.	Holland	Holland	Investment	–	100.00%
60	Burg Carrosserie B.V.	Holland	Holland	Production of road transport vehicle	–	100.00%
61	Exploitiemaatschappij Intraprogress B.V.	Holland	Holland	Trade, financing and leasing of road transport vehicle	–	100.00%
62	Hobur Twente B.V.	Holland	Holland	Production and sale of oil and components and parts	–	100.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
63	Burg Service B.V.	Holland	Holland	Assembly and repair of road transport vehicle and tank equipment	–	100.00%
64	LAG Trailers N.V.	Belgium	Belgium	Manufacturing trailer	–	100.00%
65	Holvrieka N.V.	Belgium	Belgium	Manufacturing tank equipment	–	70.52%
66	Imm oburg N.V.	Belgium	Belgium	Manufacturing road transport vehicle	–	100.00%
67	Holvrieka Danmark A/S	Denmark	Denmark	Manufacturing tank equipment	–	70.52%
68	Direct Chassis LLC ("DCEC")	USA	USA	Manufacturing and sales of	–	100.00%
69	CIMC TGE Gasinvestments SA ("TGESA")	Luxemburg	Luxemburg	Investment	–	60.00%
70	TGE Gas Engineering GmbH ("TGE Gas")	Germany	Germany	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	–	60.00%
71	CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	–	100.00%



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
72	CIMC Raffles Investments Limited	Hongkong, China	Hongkong, China	Investment	–	100.00%
73	CIMC Raffles Leasing Pte. Ltd.	Singapore	Singapore	Leasing of marine ship	–	100.00%
74	Caspian Driller Pte. Ltd.	Singapore	Singapore	Leasing of marine ship	–	100.00%
75	Technodyne International Limited ("Technodyne")	United Kingdom	United Kingdom	Research and development of Energy equipment	–	60.00%
76	Gadidae AB.	Sweden	Sweden	Investment	–	100.00%
77	Perfect Victor Investments Limited ("Perfect Victor")	Hongkong, China	Hongkong, China	Investment	–	100.00%
78	Ziemann International GmbH ("Ziemann Group")	Germany	Germany	Design, production and sales of beer fermentation machine	–	70.52%
79	Albert Ziegler GmbH ("Ziegler")	Germany	Germany	Designation of Marine engineering	–	100.00%
80	Bassoe Technology AB ("Bassoe")	Sweden	Sweden	Designation of Marine engineering	–	90.00%
81	Verbus Systems Limited ("Verbus Systems")	United Kingdom	United Kingdom	Investment	–	80.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (3) Subsidiaries acquired through combinations under non-common control (Continued)

##### (ii) Overseas subsidiaries (Continued)

	Name	Registration Place	Main Premises	Business scope	Shareholding percentage	
					Direct	Indirect
82	Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Hongkong, China	Hongkong, China	Logistics	–	75.00%
83	CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Australia	Australia	Investment	–	80.00%
84	Brigantine International Holdings Limited ("Brigantine International Holdings")	Hongkong, China	Hongkong, China	Investment	–	70.00%
85	Brigantine Services Limited ("Hongkong Brigantine Services")	Hongkong, China	Hongkong, China	Container repair and renovation, container trade	–	70.00%
86	Pteris Global Ltd	Singapore	Singapore	Investment	–	51.32%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (4) Subsidiaries with significant minority interests

	Minority interests	Net Profit attribute to minority interests in 2014	Dividends distributed to minority interests in 2014	Grand total Minority interests on 31 December 2014
Enric	29.48%	317,299	54,665	1,852,930

Main financial information of aforementioned significant not wholly-owned subsidiary is as followed:

	As at 31 December 2014					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	7,601,410	2,999,872	10,601,282	4,042,152	442,987	4,485,139

	As at 31 December 2013 (Restate)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	7,489,423	2,890,441	10,379,864	4,595,742	461,106	5,056,848

	2014				
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	
Enric	11,197,670	1,035,063	956,048	1,088,522	

	2013 (Restate)				
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	
Enric	10,171,813	987,740	999,898	1,136,600	

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures

##### (1) Basic information of major associates and joint ventures

	Main Premises	Registration Place	Nature of business	Strategic for the group or not	Shareholding ratio – Direct	Shareholding ratio – Indirect
Joint ventures –						
NKY Zhenhua	Tianjin	Tianjin	Logistics support business	No	–	38.25%
Shanghai Three Eyre	Shanghai	Shanghai	Logistics support business	No	–	38.25%
Y&C Engine	Wuhu, Anhui	Wuhu, Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	–	33.12%
Associates –						
Shanghai Fengyang	Shanghai	Shanghai	Real estate development	Yes	–	40.00%
TSC	Houston(USA)	Cayman Islands	Land and sea drilling platform business	Yes	–	13.43%
BaZhou LiHua gas storage and transportation Co., Ltd	Bazhou, Hebei	Bazhou, Hebei	Gas warehousing and transportation business	No	–	28.00%

The equity mentioned above is measured by equity method.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures (Continued)

##### (2) Main financial information of major joint ventures

	NKY Zhenhua		Shanghai Three Eyre		Y&C Engine	
	2014	2013	2014	2013	2014	2013
	31 December	31 December	31 December	31 December	31 December	31 December
Cash at bank and on hand	17,844	36,812	5,628	5,464	67,105	64,335
Other current assets	26,600	26,473	3,232	3,032	227,861	339,402
Total current assets	44,444	63,285	8,860	8,496	294,966	403,737
Total non-current assets	119,969	88,808	148,667	155,250	648,913	616,015
Total assets	164,413	152,093	157,527	163,746	943,879	1,019,752
Current liabilities	15,129	14,218	14,243	22,675	446,265	425,266
Non-current liabilities	11,406	–	20,500	20,500	90,000	190,000
Total liabilities	26,535	14,218	34,743	43,175	536,265	615,266
Minority shareholders' equity	–	–	–	–	–	–
Total equity attributable to shareholders of the Company	137,878	137,875	122,784	120,571	407,614	–
Share holding ratio	51.00%	51.00%	51.00%	51.00%	50.00%	–
Net assets proportion calculated by shareholding ratio (i)	70,318	70,316	62,620	61,491	203,807	–
Carrying amount of equity investment in the joint ventures	70,318	65,098	62,620	61,868	203,807	–

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures (Continued)

##### (2) Main financial information of major joint ventures (Continued)

	NKY Zhenhua		Shanghai Three Eyre		Y&C Engine	
	2014	2013	2014	2013	2014	2013
	31 December	31 December	31 December	31 December	31 December	31 December
Revenue	128,461	27,479	24,739	24,039	487,348	450,146
Financial expenses	(645)	(862)	2,253	2,842	24,947	23,785
Income tax expenses	3,412	(190)	581	389	–	–
Net profit/(Loss)	10,236	2,520	1,475	1,167	(12,426)	(35,705)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	10,236	2,520	1,475	1,167	(12,426)	(35,705)
Dividends received from the joint ventures this year	–	5,619	–	–	–	–

- (i) The group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the joint ventures. The amount in consolidated financial statements of joint ventures takes the fair value of assets and liabilities of the joint ventures, and the effects of the uniform accounting policies into consideration.

##### (3) Main financial information of major Associates

	BaZhou LiHua		Shanghai Fengyang		TSC	
	2014	2013	2014	2013	2014	2013
	31 December	31 December	31 December	31 December	31 December	31 December
Cash at bank and on hand	242,986	98,353	337,919	178,598	161,597	247,726
Other current assets	691,382	543,450	1,734,762	1,432,786	1,125,294	1,329,262
Total current assets	934,368	641,803	2,072,681	1,611,384	1,286,891	1,576,988
Total non-current assets	523,613	513,461	11,201	187	576,389	585,695
Total Assets	1,457,981	1,155,264	2,083,882	1,611,571	1,863,280	2,162,683
Current liabilities	1,055,996	787,499	1,805,772	1,219,693	536,530	869,903
Non-current liabilities	80,456	115,762	–	–	48,427	47,390
Total liabilities	1,136,452	903,261	1,805,772	1,219,693	584,957	917,293

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures (Continued)

##### (3) Main financial information of major Associates (Continued)

	BaZhou LiHua		Shanghai Fengyang		TSC	
	2014	2013	2014	2013	2014	2013
	31 December	31 December	31 December	31 December	31 December	31 December
Minority shareholders' equity	–	25,874	–	–	42,479	47,841
Total equity attributable to shareholders of the Company	321,529	226,129	278,110	391,878	1,235,844	1,197,549
Adjustments according to fair value of net identifiable assets and Goodwill	–	–	1,085	1,085	155,764	155,764
Total equity attributable to shareholders of the company (adjusted)	321,529	226,129	279,195	392,963	1,391,608	1,353,313
Share holding ratio	28.00%	20.00%	40.00%	40.00%	13.43%	13.63%
Net assets portion calculated by share holding ratio (i)	90,028	45,226	111,678	157,186	186,893	184,457
Carrying amount of equity investment in the associates	90,028	48,940	111,678	157,186	186,893	176,865
Fair value of investments on associates with public offer	–	–	–	–	156,836	211,817

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures (Continued)

##### (3) Main financial information of major Associates (Continued)

	BaZhou LiHua		Shanghai Fengyang		TSC	
	2014	2013	2014	2013	2014	2013
	31 December	31 December	31 December	31 December	31 December	31 December
Revenue	1,076,844	613,880	660,013	63,951	1,278,372	1,247,239
Net profit	48,791	45,856	156,230	34,064	74,842	89,870
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	48,791	45,856	156,230	34,064	74,842	89,870
Dividends received from the associates this year	-	-	(108,000)	-	-	-

- (i) The group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the associates. The amount in consolidated financial statements of associates takes the fair value of assets and liabilities of the associates, and the effects of the uniform accounting policies into consideration.

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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Equity in associates and joint ventures (Continued)

##### (4) Summary information of insignificance associates and joint ventures

	2014	2013
Joint ventures:		
Total carrying amount of investments on 31 December 2014	100,946	70,897
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
– Net profit (i)	20,224	4,379
Other comprehensive income (i)	–	–
Total comprehensive income	20,224	4,379
associates:		
Total carrying amount of investments on 31 December 2014	339,386	557,593
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
– Net Loss (i)	(47,063)	(83,700)
Other comprehensive income (i)	–	–
Total comprehensive income	(47,063)	(83,700)

(i) The amount of net profit and other comprehensive income takes the fair value of identifiable assets and liabilities, and the effects of the uniform accounting policies into consideration.

##### (5) Excess deficit of associates and joint ventures

There are no excess deficit of associates and joint ventures in 2014.

### VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION RANGE OF THE CONSOLIDATED FINANCIAL STATEMENTS

There is no equity of the structured body not included in the consolidation range of the consolidated financial statements.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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 VI.
3. For the information about the joint ventures and associates of the Company, refer to Note VI.2.

In addition to the important the joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates are as follows:

	Main place of business	Registered Address	The nature of the business	The group activity is strategic	Shareholding percentage -direct	Shareholding percentage -indirect
joint ventures -						
Shanghai Baijian	Shanghai	Shanghai	Container repair service	No	-	35.00%
Shanghai Shenyi	Shanghai	Shanghai	Auto parts business	No	-	20.00%
Dalian Jilong	Dalian	Dalian	Container repair service	No	-	50.00%
Tianjin jinshi	Tianjin	Tianjin	Container repair service	No	-	35.00%
Kawasaki Zhenhua	Tianjin	Tianjin	Logistics support services	No	-	38.25%
Guangxi South Logistics	Nanning	Nanning	Logistics service	No	-	50.00%
SCSCRC	Shanghai	Shanghai	Refrigeration equipment business	No	50.00%	-
Qingdao Jiefeng	Qingdao	Qingdao	Container repair service	No	-	35.00%
associates -						
Marine Subsea & Consafe Limited	Syrus	Syrus	Marine related business	No	-	40.00%
Shanghai Xiangtong Automotive Components Company Limited	Shanghai	Shanghai	Auto parts business	No	-	21.00%
Nantong Xinyang Environmental Protection Industry Co., Ltd.	Nantong	Nantong	Environmental protection board service	No	-	20.00%
Xia'men CIMC	Xia'men	Xia'men	Container repair service	No	-	45.00%
Dalian Jilong Logistics	Dalian	Dalian	Logistics service	No	-	30.00%
Tianjin the first agricultural East animal husbandry Co. Ltd	Tianjin	Tianjin	Logistics service	No	-	30.00%
Ningbo Beilun	Ningbo	Ningbo	Container service	No	-	21.00%
Guangzhou Jinyuan Metals Corporation	Guangzhou	Guangzhou	Metal industry	No	-	10.00%
Xuzhou CIMC Wood Industry Co., Ltd.	Xuzhou	Xuzhou	Wood	No	-	35.00%
Xinyang Wood Industry	Hongkong	Hongkong	Wood	No	-	20.00%
Senjv Technology	Jiangmen	Jiangmen	Materials business	No	-	24.00%
Qingdao Port International Trade Logistics Co., Ltd.	Qingdao	Qingdao	Logistics service	No	-	30.00%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 4. Information of other related parties

Organisation name	Relationship with the Group
Florens Container Services Ltd.	Subsidiary of significant shareholder
Florens Container Corporation S.A.	Subsidiary of significant shareholder
Florens Maritime Limited	Subsidiary of significant shareholder
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder
Gasfin Investment S.A	Minority shareholder of subsidiary
COSCO Container Industries Limited	Significant shareholder
China Merchant International Ltd.	Significant shareholder
Mitsui & Co., Ltd.	Minority shareholder of subsidiary
Shanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary
Sumitomo Corporation	Minority shareholder of subsidiary
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary
Zhejiang Tenglong Bamboo Industry Group	Minority shareholder of subsidiary
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholder of subsidiary
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary
Eighty Eight Dragons Limited	Minority shareholder of subsidiary
Quercus Limited	Minority shareholder of subsidiary
Shiny Laburnum Limited	Minority shareholder of subsidiary
Inland Services B.V. (Netherlands)	Minority shareholder of subsidiary
Asahi Trading Co., Ltd	Minority shareholder of subsidiary
Wuhu Tairui Investment Ltd.	Minority shareholder of subsidiary

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### VIII. 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

Name	Nature of the transaction	2014 Amount	2013 Amount
Y&C Engine	Purchase of goods	613,490	–
Asahi Trading Co., Ltd	Purchase of goods	164,080	–
WHRJL	Purchase of goods	–	59,735
SXHDA	Purchase of goods	63,562	59,140
XZW	Purchase of goods	57,322	–
TSC	Purchase of goods	156,535	53,902
Sumitomo Corporation	Purchase of goods	–	22,626
Other related parties	Purchase of goods	40,724	14,321
Sub-total	Purchase of goods	1,095,713	209,724
Other related parties	Receiving of services	4,117	2,225

The Company

Emoluments of the company refer to VIII.5(4).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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	2014 Amount	2013 Amount
SXHDA	Sale of goods	350,245	589,840
Florens Container Corporation S.A.	Sale of goods	669,782	456,059
Florens Maritime Limited	Sale of goods	888,395	431,671
Sumitomo Corporation	Sale of goods	149,128	186,072
Senju (Jiangmen) Technology Material Co., Ltd.	Sale of goods	25,641	–
COSCO Container Industries Limited	Sale of goods	21,187	91,662
C&C Trucks	Sale of goods	–	91,032
Florens Container Services Ltd.	Sale of goods	–	59,770
GXNFWL	Sale of goods	13,347	35,963
NYK Zhenhua	Sale of goods	18,046	17,451
Other related parties	Sale of goods	8,798	7,135
Sub-total	Sale of goods	2,144,569	1,966,655
Other related parties	rendering of services	27,141	9,406

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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 2014	Note
<b>Financing received</b>					
Gasfin Investment S.A	39,790	19 September 2008	Not fixed repayment date	1,908	Shareholder loans
Eighty Eight Dragons Limited	168,695	27 December 2013	27 December 2017	–	Shareholder loans
Quercus Limited	49,978	27 December 2013	27 December 2017	–	Shareholder loans
Shiny Laburnum Limited	6	27 December 2013	27 December 2017	–	Shareholder loans
	258,469				
<b>Financing provided</b>					
Shanghai Fengyang	34,204	25 December 2007	Not fixed repayment date	–	Shareholder loans
XYW	3,846	20 June 2006	Not fixed repayment date	–	Shareholder loans
Marine Subsea & Consafe Limited	279,940	1 December 2007	Not fixed repayment date	–	Loans for shareholder operation
Nantong New Atlantic Forest Industry Ltd.	24,000	20 March 2014, 15 April 2014, 13 May 2014, 22 December 2014	20 March 2015, 15 April 2015, 13 May 2015, 22 December 2015	2,366	Shareholder loans
Guangzhou Kyh Metal Co., Ltd.	14,022	10 July 2014, 13 November 2014, 26 December 2014	9 January 2015, 13 November 2015, 23 March 2015, 17 February 2015	420	Shareholder loans
Frigstad Deepwater Holding Limited	156,474	16 April 2013	Not fixed repayment date	–	Shareholder loans
	512,486				

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions

- (i) The Company adopted a new 340 share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 31 December 2014 are as follows:

Name	Position	Number of granted share options (in'000)
Mai Boliang	President, Chairman	285
Zhao Qingsheng	Vice Chairman	112.5
Wu Fapei	Vice Chairman	75
Li Yinhui	Vice Chairman	75
Yu Ya	Vice Chairman	75
Liu Xuebin	Vice Chairman	112.5
Zhang Baoqing	Vice Chairman	75
Jin Jianlong	General Manager of Finance Department	75
Zeng Beihua	General Manager of Treasury Department	75
Yu Yuqun	Secretary of the Board	75
Total		1,035

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 2014 are as follows:

Name	Position	Number of granted share options (in'000)
Zhao Qingsheng	Vice Chairman	163.5
Wu Fapei	Vice Chairman	50
Yu Ya	Vice Chairman	25
Jin Jianlong	General Manager of Finance Department	140
Zeng Beihua	General Manager of Treasury Department	300
Yu Yuqun	Secretary of the Board	129.8
Total		808.3

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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 2014 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
<b>Directors</b>								
Li Jianhong	-	-	-	-	-	-	-	-
Zhang Liang	-	-	-	-	-	-	-	-
Wang Hong	-	-	-	-	-	-	-	-
Mai Boliang	-	2,447	40	3,234	-	-	24	5,745
Wu Shuxiong	-	-	-	-	-	-	-	-
Wang guixun	200	-	-	-	-	-	-	200
Li Kejun Note (i)	200	-	-	-	-	-	-	200
Pan Chengwei	200	-	-	-	-	-	-	200
<b>Sub-total</b>	<b>600</b>	<b>2,447</b>	<b>40</b>	<b>3,234</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>6,345</b>
<b>Supervisors</b>								
Huang Qianru Note (ii)	-	-	-	-	-	-	-	-
He Jiale	-	-	-	-	-	-	-	-
Xiong Bo	-	218	29	36	-	-	10	293
<b>Sub-total</b>	<b>-</b>	<b>218</b>	<b>29</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>293</b>

Note (i): Mr. Li Kejun resigned for personal reasons and his resignation will take effect after the group's new independent director appointment.

Note (ii): Ms. Huang Qianru resigned from the position of supervisor for personal reason in February 2015.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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)

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Other key management personnel								
Zhao Qingsheng	-	1,233	-	2,958	-	-	-	4,191
Wu Fapei	-	1,184	40	2,160	-	-	24	3,408
Li Yinhui	-	1,189	38	1,800	-	-	24	3,051
Liu Xuebin	-	1,318	40	2,060	-	-	24	3,442
Zhang Baoqing	-	1,260	38	1,500	-	-	24	2,822
Yu Ya	-	1,898	38	2,160	-	-	24	4,120
Jin Jianlong	-	1,064	33	1,860	-	-	20	2,977
Zeng Beihua	-	1,080	-	2,160	-	-	-	3,240
Yu Yuqun	-	1,094	40	3,624	-	-	24	4,782
Sub-total	-	11,320	267	20,282	-	-	164	32,033
Total	600	13,985	336	23,552	-	-	198	38,671

The five individuals whose emoluments are the highest are included aforesaid in 2014.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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 2013 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
<b>Directors</b>								
Li Jianhong	-	-	-	-	-	-	-	-
Xu Minjie	-	-	-	-	-	-	-	-
Wang Hong	-	-	-	-	-	-	-	-
Wang Xingru	-	-	-	-	-	-	-	-
Mai Boliang	-	2,388	37	6,249	-	-	23	8,697
Wu Shuxiong	Note (i)	-	-	-	-	-	-	-
Wang guixun	Note (i)	60	-	-	-	-	-	60
Li Kejun	Note (i)	60	-	-	-	-	-	60
Pan Chengwei	Note (i)	60	-	-	-	-	-	60
Ding Huiping		60	-	-	-	-	-	60
Xu Jingan		60	-	-	-	-	-	60
Jin Qingjun		60	-	-	-	-	-	60
Sub-total		360	2,388	37	6,249	-	23	9,057
<b>Supervisors</b>								
Lv Shijie	-	-	-	-	-	-	-	-
Huang Qianru	-	-	-	-	-	-	-	-
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. Wang Guixun, 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### VIII. 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)

Name	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 are included aforesaid in 2013.

#### 6. Receivables from and payables to related parties

Details of accounts receivable please refer to Note IV.4.

Details of other receivables please refer to Note IV.5.

Details of advance to suppliers please refer to Note IV.6.

Details of accounts payable please refer to Note IV.26.

Details of other payables please refer to Note IV.32.

Details of advances from customers please refer to Note IV.27.

#### 7. Commitments in relation to related parties

As at 31 December 2014, 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IX. SHARE-BASED PAYMENTS

#### 1. Information about share-based payments

Total equity instruments granted during the year	The total number of share options granted by Enric was 38,420,000 this year.
Total equity instruments exercised during the year	The total number of share options exercised was 15,827,500 this year. The number of share options exercised in company and Enric were 10,232,500 and 5,595,000 respectively this year.
Total equity instruments forfeited during the year	The total number of share options forfeited was 3,215,000 this year. The number of share options forfeited in company and Enric were 90,000 and 3,125,000 respectively this year.
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	<ol style="list-style-type: none"> <li>Equity-settled share options granted by Enric in 2009,2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 4.83, 6.82 and 9.44 years respectively;</li> <li>Equity-settled share options granted by the Company in 2010 and 2011: RMB11.08 (after adjustment) and RMB16.61 per share respectively (after adjustment), the residual life of contracts is both 5.74 years.</li> </ol>
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:

	2014	2013
Equity-settled share-based payment	95,591	91,059

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IX. SHARE-BASED PAYMENTS (CONTINUED)

#### 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.

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. 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 40% exercisable after two years from the date of grant, 70% exercisable after three years from the date of grant and 100% exercisable after four 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 38,420,000, with the exercise price of HKD11.24 per share.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IX. 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:

	2014 '000	2013 '000
Beginning balance	58,638	71,546
Granted in current period	38,420	–
Exercised in current period	(5,595)	(11,838)
Cancelled in current period	(510)	(1,070)
Forfeited in current period	(90)	–
Ending balance	90,863	58,638

##### (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 options 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 satisfy all the conditions 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 non-recurring 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, RMB0.23 per share and RMB0.27 per share on 31 May 2011, 21 June 2012, 28 June 2013 and 27 June 2014 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, 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 RMB11.08 per share.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IX. 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, 2012 and 2013 to ordinary shareholders with cash dividend of RMB0.46, RMB0.23 and RMB0.27 respectively, the adjusted option exercise price is RMB16.61.

Movement of share options of the Company:

	2014 '000	2013 '000
Beginning balance	59,617	59,680
Exercised in current period	(10,233)	–
Forfeited in current year	(3,125)	(63)
Ending balance	46,259	59,617

##### (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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### IX. 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 2014, Accumulated amount recognised in capital reserve for equity-settled share-based payments	485,795
Total expenses recognised for equity-settled share-based payments for current year	–
Including: – attributable to the Company	60,550
– attributable to Enric	35,041
	95,591

#### 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, 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.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### IX. SHARE-BASED PAYMENTS (CONTINUED)

#### 3. Information on cash-settled share-based payment (Continued)

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.

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 RMB477,970. As at 31 December 2014 and the expenses recognised for cash-settle share-based payment was nil for 2014.

The movement of cash-settled share options:

	2014	2013
Beginning balance	150,000	400,000
Cancelled in current period	–	(250,000)
Ending balance	150,000	150,000

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### X. 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. According to the relevant term of joint venture memorandum signed on 12 March 2014, the owner's compensation liability for CIMC Raffles of delivery delay will be discharged after the joint venture memorandum between them is signed and take effect. While the results depend on signing of a final joint venture agreement, the 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 RMB54,703,860.

#### 2. Guarantees provided for external parties

CIMC Vehicle Group, a subsidiary of the Group, signed contracts with Bank of Communications, Bank of China, China Everbright Bank and China Merchants 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 2014, 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 RMB847,892,000 (31 December 2013: RMB574,160,000).

CIMC Haoyu, YJFR, 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 RMB138,673,000 as at 31 December 2014 (31 December 2013: RMB80,000,000).

#### 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 2014, the Group had bills issued but not accounted for and outstanding letters of credit totalling RMB1,412,328,000 (31 December 2013: RMB904,044,000).

As at 31 December 2014, TAS had outstanding balance of guarantees issued by relevant banks totalling RMB213,478,000, of which balance of performance guarantees, bid guarantees, quality guarantees and guarantees provided to suppliers was RMB164,883,000, RMB11,075,000, RMB37,520,000 (total balance as at 31 December 2013: 141,001,000).

As at 31 December 2014, the Company had outstanding balance of guarantees issued by relevant banks USD1,344,000 (equivalent to approximately RMB8,227,000), which were all payment guarantees.

As at 31 December 2014, Nantong CIMC Large-sized Tank Co., Ltd. had outstanding balance of guarantees issued by relevant banks totalling RMB5,172,000, of which balance of performance guarantees and quality guarantees was RMB4,829,000; of which balance of prepayment guarantees was RMB263,000 and USD13,000 (equivalent to approximately RMB80,000).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### X. CONTINGENCIES (CONTINUED)

#### 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. CIMC Raffles has recovered parts of the aforesaid accounts receivable based on the ruling of the pre-arbitration. 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). In 2014 CIMC Raffles recovered the accounts receivable of USD105.54 million (including the principal of USD77.60 million and interest of USD27.94 million). As at 31 December 2014, the amount of the outstanding account receivable is USD48.72 million.

In February 2015 CIMC Raffles has signed a settlement agreement with Schahin Holdings SA and its associates for the pending litigation and arbitration. As at 5 March 2015 CIMC Raffles recovered the remaining accounts receivable of USD71.86 million based on the terms of agreement and other relevant documents. So far CIMC Raffles has recovered the full amount of the debt, interest and expenses of USD272.74 million (including the principal of USD207.92 million, interest of USD57.05 million and expenses of USD7.77 million).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XI. COMMITMENTS

#### 1. Significant commitments

##### (1) Capital commitments

	2014	2013
Significant fixed assets purchase contracts entered into under performance or preparation of performance	2,657	125,662
Investment contracts entered into but not performed or performed partially	150,355	–
Significant contracts entered into for Ships to be manufactured for sales or lease	519,242	3,962,914
External investment approved by the Board of Directors	24,062	8,342
<b>Total</b>	<b>696,316</b>	<b>4,096,918</b>

*Capital commitments authorised by the management but are not yet contracted for*

	31 December 2014	31 December 2013
Buildings, machinery and equipment	24,062	8,342

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

	31 December 2014	31 December 2013
Buildings, machinery and equipment	–	1,561

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XI. COMMITMENTS (CONTINUED)

#### 1. Significant commitments (Continued)

##### (2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	2014	2013
Within 1 year (inclusive)	30,888	66,332
Over 1 year but within 2 years (inclusive)	28,315	46,441
Over 2 years but within 3 years (inclusive)	13,974	28,131
Over 3 years	65,873	50,568
<b>Total</b>	<b>139,050</b>	<b>191,472</b>

Operating lease recognised as expenses in 2014 is RMB68,187,000 (2013: RMB63,518,000).

### XII. EVENTS AFTER THE BALANCE SHEET DATE

#### 1. Dividend distribution after the balance sheet date

Dividend proposed (Note (1))	828,514
------------------------------	---------

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

Board of directors proposed to distribute cash dividend of RMB0.31 per share to ordinary shareholders of the Company on 24 March 2015, totally RMB828,514,000 based on the shares on 31 December 2014 (2013: RMB0.27 per share, totally RMB720,037,000). 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. The group is to register for the RMB medium-term notes issuance with not more than RMB4 billion onshore, which was approved by the first temporary shareholders meeting on 3 February 2015.

3. the Group signed the acquisition agreement with Chinese Fire Group Co. Ltd. on 27 February 2015. After the acquisition is completed, the group will achieve about 30% Chinese Fire Group Co. Ltd. Interests while maintaining its holding to the German Ziegler Group.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIII. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, nine reportable segments are identified by the Group including Containers, Road transportation vehicles, Energy, chemistry and food equipment, Offshore business, Airport facilities, Logistic services, Finance, Property development and Heavy trucks. 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIII. 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	Road transportation vehicles	Energy, chemistry and food equipment	Offshore business	Airport facilities	Logistic services	Finance	Property development	Heavy trucks	Others	Elimination between segments	Unallocated items	Total
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
External transaction	23,702,510	13,168,980	12,301,667	5,706,447	2,726,946	8,156,192	1,484,030	1,136,070	698,889	989,124	-	-	70,070,855
Inter segment transaction	110,296	221,142	613,988	6,158,178	-	316,850	96,996	-	360,192	213,620	(8,091,262)	-	-
Cost of sales from main operations	20,409,230	10,985,824	10,367,102	11,262,067	2,131,531	7,610,835	776,137	682,877	1,007,059	1,042,633	(8,256,322)	-	58,018,973
Investment income/(losses) in joint ventures and associates	7,234	1,957	(1,497)	-	-	31,728	16,683	62,492	(6,213)	(12,127)	-	(41,133)	59,124
Impairment loss for the year	64,860	62,840	16,600	(73,740)	10,486	48,581	88,066	(591)	24,249	53,178	(10,391)	-	284,138
Depreciation and amortization expenses	372,766	282,132	281,687	227,635	19,400	175,241	244,719	7,385	89,888	36,757	-	65,047	1,802,657
Interest income	195,463	61,907	25,287	5,822	3,512	12,999	88,407	8,750	3,731	767,982	(920,849)	21,590	274,601
Interest expenses	98,262	107,786	70,798	475,493	64,587	40,625	103,669	33,306	46,113	31,345	(721,618)	816,329	1,166,695
Segment operating profit/(losses)	972,123	837,645	1,222,407	8,327	103,368	189,488	613,053	275,031	(73,769)	(225,259)	290,357	(642,355)	3,570,416
Income tax expenses	261,685	189,364	177,921	3,666	16,612	51,659	54,437	71,377	(13,295)	14,611	-	(291,549)	536,488
Net profit/(losses)	710,438	648,281	1,044,486	4,661	86,756	137,829	558,616	203,654	(60,474)	(239,870)	290,357	(350,806)	3,033,928
Segment total assets	17,523,763	10,462,047	11,936,837	23,685,439	2,947,002	4,348,684	16,180,076	4,003,970	3,709,617	4,600,531	(15,692,844)	4,071,059	87,776,181
Segment total liabilities	10,357,563	5,078,841	6,818,576	23,250,995	2,112,337	3,048,728	13,748,988	3,181,823	3,186,138	3,001,622	(41,670,914)	28,379,369	60,494,066
Supplementary information:													
- Segment expenditures/(income) other than depreciation and amortization	209,780	57,835	(1,095)	(62,785)	2,859	56,305	98,004	(682)	23,938	(51,630)	(10,391)	170,815	492,953
- Long-term equity investment of joint ventures and associates	42,904	50,236	4,457	-	-	370,270	143,394	111,678	203,807	23,751	-	215,177	1,165,674
- Segment expenditures raising from additions of non-current assets	1,215,361	680,390	831,577	1,592,479	440,057	413,122	14,591,694	9,312	2,282,766	6,519	-	88,388	22,151,665

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIII. 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(Continued):

Item	Containers 2013	Road transportation vehicles 2013	Energy, chemistry and food equipment 2013	Offshore business 2013	Airport facilities 2013	Logistic 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)	-	-
Cost of sales from main operations	18,121,108	11,076,108	9,104,888	6,953,974	588,824	5,576,450	1,100,239	(4,838,426)	-	47,683,165
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



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIII. 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 (according to the receiving party division)*

	Revenue from external customers		Total non-current assets	
	2014	2013	31 December 2014	31 December 2013
P.R. China	29,772,543	20,718,567	30,283,289	20,417,231
Asia (exclusive of China)	13,457,342	8,718,240	308,237	42,505
America	12,976,043	11,247,084	5,764,622	5,779,386
Europe	11,664,021	13,954,472	1,215,473	900,456
Others	2,200,906	3,236,048	69,072	41,458
Total	70,070,855	57,874,411	37,640,693	27,181,036

### XIV. FINANCIAL RISK 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK 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 2014.

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 10.55% (2013: 15.08%) 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 X, 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 X.

As at 31 December 2014, except the note IV.4 disclosed, the Group has no major overdue receivables(31 December 2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK 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 2014					Total	Balance sheet carrying amount
	Contractual undiscounted cash flow						
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years			
<b>Financial assets</b>							
Cash at bank and on hand	3,667,387	–	–	–	3,667,387	3,667,387	3,667,387
Financial assets at fair value through profit or loss	427,669	–	–	–	427,669	427,669	427,669
Accounts receivable and other receivables	14,055,440	–	–	–	14,055,440	14,055,440	14,055,440
Current portion of non-current assets	2,388,975	–	–	–	2,388,975	2,388,975	2,388,975
Long-term receivables	2,602,713	1,565,159	1,925,888	257,261	6,351,021	3,449,542	3,449,542
Sub-total	23,142,184	1,565,159	1,925,888	257,261	26,890,492	23,989,013	23,989,013
<b>Financial liabilities</b>							
Financial liabilities at fair value through profit or loss	177,541	–	–	–	177,541	177,541	177,541
Short-term borrowings	11,239,527	–	–	–	11,239,527	11,239,527	11,239,527
Debentures payable	689,383	4,209,200	–	–	4,898,583	4,455,080	4,455,080
Accounts payable and other payables	16,651,855	–	–	–	16,651,855	16,651,855	16,651,855
Current portion of non-current liabilities	4,052,854	–	–	–	4,052,854	4,052,854	4,052,854
Long-term borrowings	395,562	5,672,657	6,922,858	–	12,991,077	11,110,296	11,110,296
Long-term payables	237,504	195,967	162,655	134,947	731,073	672,562	672,562
Sub-total	33,444,226	10,077,824	7,085,513	134,947	50,742,510	48,359,715	48,359,715
Net total	(10,302,042)	(8,512,665)	(5,159,625)	122,314	(23,852,018)	(24,370,702)	(24,370,702)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 2. Liquidity risk (Continued)

At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 10.55% (2013: 15.08%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

	31 December 2013 Contractual undiscounted cash flow					Total	Balance sheet carrying amount
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years			
<b>Financial assets</b>							
Cash at bank and on hand	4,771,047	–	–	–	4,771,047	4,771,047	4,771,047
Financial assets at fair value through profit or loss	460,613	–	–	–	460,613	460,613	460,613
Accounts receivable and other receivables	12,871,550	–	–	–	12,871,550	12,871,550	12,871,550
Current portion of non-current assets	1,513,337	–	–	–	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	2,952,418
Sub-total	21,425,825	1,308,192	1,609,652	637,056	24,980,725	22,568,965	22,568,965
<b>Financial liabilities</b>							
Financial liabilities at fair value through profit or loss	28,463	–	–	–	28,463	28,463	28,463
Short-term borrowings	7,244,780	–	–	–	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	6,450,730
Accounts payable and other payables	12,801,143	–	–	–	12,801,143	12,801,143	12,801,143
Current portion of non-current liabilities	2,458,775	–	–	–	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	7,761,243
Long-term payables	51,235	12,882	64,435	165,051	293,603	242,992	242,992
Sub-total	23,175,227	6,665,230	9,001,874	165,051	39,007,382	36,988,126	36,988,126
Net total	(1,749,402)	(5,357,038)	(7,392,222)	472,005	(14,026,657)	(14,419,161)	(14,419,161)

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2014		31 December 2013	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	24,400,701	–	15,006,022	–

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK 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.

(1) As at 31 December, the Group held the following interest-bearing financial instruments:

	31 December 2014		31 December 2013	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
<b>Financial assets</b>				
– Long-term receivables	2.58%-17.53%	3,449,542	2.58%-17.53%	2,952,418
– Current portion of non-current assets	2.58%-17.53%	2,388,975	2.58%-17.53%	1,513,337
<b>Financial liabilities</b>				
– Short-term borrowings	1.08%-7.28%	2,645,497	0.93%-8.31%	4,047,240
– Debentures payable	4.43%-5.23%	4,455,080	4.43%-5.23%	6,450,730
– Long-term borrowings	2.53%-6.4%	2,146,526	3%-8.63%	122,769
<b>Total</b>		<b>(3,408,586)</b>		<b>(6,154,984)</b>

	31 December 2014		31 December 2013	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
<b>Financial assets</b>				
– Cash at bank and on hand	0.35%-3.75%	3,667,387	0.35%-3.75%	4,771,047
<b>Financial liabilities</b>				
– Current portion of long-term borrowings	1MLibor+190bps-3MLibor+230bps	2,050,878	1MLibor+190bps-3MLibor+230bps	2,410,392
– Long-term borrowings	8.02%-12.86%	8,963,770	1MLibor+190bps-3MLibor+230bps	7,638,474
– Short-term borrowing	1MLibor+100bps-6MLibor+380bps	8,594,030	1MLibor+90bps-6MLibor+380bps	3,197,540
– Long-term payables	8.02%-12.86%	672,562	8.55%-12.86%	242,992
– Current portion of long-term payables	8.02%-12.86%	109	8.55%-12.86%	47,016
<b>Total</b>		<b>(16,613,962)</b>		<b>(8,765,367)</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 3. Interest rate risk (Continued)

##### (2) Sensitivity analysis

As at 31 December 2014, it is estimated that a general increase/decrease of 25 basis points (31 December 2013: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB31,151,000 (2013: RMB21,913,000), and equity by RMB31,151,000 (2013: RMB21,913,000).

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.

- (1) 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 IV.2 and IV.24, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is as 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 2014				31 December 2013			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	309,333	1,125,553	23,375	34,955	1,127,452	257,355	250,837	30,954
Receivables	4,816,325	1,090,811	95,060	40,387	4,875,318	526,341	37,314	17,225
Short-term borrowings	(9,528,809)	(439,287)	(35,499)	-	(6,033,033)	(872,354)	-	-
Long-term receivables	1,474,677	-	-	-	1,140,229	7,713	-	-
Long-term borrowings	(10,119,293)	-	-	-	(6,442,920)	-	(342,008)	-
Payables	(2,532,955)	(1,124,128)	(97,735)	(5,877)	(2,160,162)	(395,885)	(36,682)	(2,879)
Provisions	(85,462)	(91,467)	(13)	-	(146,648)	(20,647)	(4)	-
Current portion of non-current liabilities	(685,440)	-	(574,102)	-	(146,341)	-	(82,554)	-
Gross balance sheet exposure	(16,351,624)	561,482	(588,914)	69,465	(7,786,105)	(497,477)	(173,097)	45,300

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 4. Foreign exchange risk (Continued)

- (2) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark exchange rate	
	2014	2013	31 December 2014	31 December 2013
	USD	6.1501	6.1767	6.1200
EUR	8.0841	8.2372	7.4571	8.4175
HKD	0.7928	0.7964	0.7889	0.7862
JPY	0.0577	0.0623	0.0514	0.0578

#### (3) Sensitivity analysis

Assuming all other risk variables remained constant, -1.00%, 13.00%, 1.00% and 6.00% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2014 (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) 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 2014		
USD	(100,562)	(100,562)
EUR	(54,239)	(54,239)
HKD	2,297	2,297
JPY	(3,105)	(3,105)
Total	(155,609)	(155,609)
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

-1.00%, 13.00%, 1.00% and 6.00% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2014 (2.00%, 4.00%, 2.00% and 5.00% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2013) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS(CONTINUED)

#### 4. Foreign exchange risk(Continued)

##### (3) 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 IV.2 and IV.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 2014,, the Group held 61,851,000 tradable shares of Qingdao Port International Co., Ltd.

As at 31 December 2014, it is estimated that a general increase/decrease of the comprehensive index of H-shares 5.00% (31 December 2013: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB10,399,000 (31 December 2013: RMB16,549,000).

The sensitivity analysis above arise assuming that the change in the comprehensive index of H-shares 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 the comprehensive index of H-shares is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS(CONTINUED)

#### 6. 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) assets continuously 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 2014:

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	IV.2	403,709	–	–	403,709
Derivative financial assets	IV.2	–	22,741	–	22,741
Hedging Instrument	IV.2	–	1,219	–	1,219
Sub-total		403,709	23,960	–	427,669
Available-for-sale financial assets	IV.10	6,514	–	–	6,514
Total		410,223	23,960	–	434,183

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.24	–	(148,669)	–	(148,669)
Hedging Instrument	IV.24	–	(10,384)	–	(10,384)
Financial guarantee contracts	IV.24	–	–	(18,488)	(18,488)
Total		–	(159,053)	(18,488)	(177,541)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 6. Estimates of fair value of financial instruments (Continued)

##### (1) assets continuously 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 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	IV.2	319,605	–	–	319,605
Derivative financial assets	IV.2	–	133,068	–	133,068
Hedging Instrument	IV.2	–	7,940	–	7,940
Sub-total		319,605	141,008	–	460,613
Available-for-sale financial assets	IV.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	IV.24	–	(28,463)	–	(28,463)
Total		–	(28,463)	–	(28,463)

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 2014, there were no significant transfers between instruments in Level 1 and Level 2 neither nor Level 2 and Level 3.

For traded in active markets financial instruments, the group measures its fair value at an active market price; For not traded in active markets financial instruments, the group uses valuation techniques to determine the fair value. Valuation model mainly used are the discounted cash flow model and market comparable company model etc.. Input values of the valuation techniques include the risk free interest rate, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier, the lack of liquidity discount etc.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS(CONTINUED)

#### 6. Estimates of fair value of financial instruments (Continued)

##### (2) Assets and liabilities not measured at fair value but disclosed at the fair value

Financial assets and liabilities in the group measured by the amortized cost method of including: accounts receivable, short-term borrowings, accounts payable, long-term borrowings, debentures payables, long-term payables etc.

As at 31 December 2014, All financial instruments are carried at amounts not materially different from their fair value.

There is an active market for bonds payable and fair value is determined by the quotations in the active market, which belongs to the first level. Fair value of long-term borrowings, long-term payables and debentures payables with no active market is determined by the discounted future cash flow of the contract in accordance with interest that is comparable and offer the same cash flow under the same conditions, which belongs to the third level.

##### (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 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 of borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 6. Estimates of fair value of financial instruments (Continued)

##### (3) Estimation and assumption of fair values (Continued)

###### (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.

###### (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 2014	Interest rates used in 2013
Borrowings	1.75%-5.99%	1.75%-5.99%
Receivables	5.60%-6.55%	5.60%-6.55%

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XV. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the group is shareholders' equity shown in the consolidated balance sheet. The group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

As in 2014 the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70%(2013: 68%). The Debt-Asset ratio as at 31 December 2014 and 2013 were as follows:

	31 December 2014	31 December 2013
Total Liabilities	60,494,066	48,109,844
Total Assets	87,776,181	72,605,972
Debt-Asset ratio	69%	66%

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

#### 1. Cash at bank and on hand

	31 December 2014	31 December 2013
Bank deposits	1,773,195	386,699
Other cash balances	2,454	2,459
	1,775,649	389,158
Including: cash abroad	8	–

As at 31 December 2014, restricted cash at bank and on hand of the Company amounted to 2,437,000 (31 December 2013: 2,426,000).

As on 31 December 2014, the fixed deposit of the company in the financial company, a subsidiary of the group, was RMB942,000,000 (31 December 2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Financial assets at fair value through profit or loss

##### (1) Classification

	31 December 2014	31 December 2013
Investments in equity instrument held for trading – Listed companies	234,524	169,574
Including: market value of the listed investments	234,524	169,574

The investments in equity instruments held for trading are securities listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, of which the fair value is determined at the closing price of the Shanghai Stock Exchange and the Shenzhen Stock Exchange on the last trading day of the year.

(2) As at 31 December 2014, There is no restriction on sale of financial assets at fair value through profit or loss.

#### 3. Dividends receivable

	31 December 2014	31 December 2013
CIMC Hong Kong	3,029,507	3,019,369
SCIMC	592,706	592,706
HI	–	123,200
SCIMCEL	648,092	–
Total	4,270,305	3,735,275

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables

(1) Other receivables are analysed by categories as follows:

	31 December 2014	31 December 2013
Amounts due from associates	7,194,648	9,116,641
Deposits	20,166	20,156
Others	7,440	5,468
Sub-total	7,222,254	9,142,265
Less: provision for bad debts	(4,580)	(4,747)
Total	7,217,674	9,137,518

(2) Other receivables are analysed by categories as follows:

Aging	31 December 2014	31 December 2013
Within 1 year (Inclusive)	3,836,672	9,086,457
1 to 2 years (Inclusive)	3,329,930	29,206
2 to 3 years (Inclusive)	29,206	20,000
Over 3 years	26,446	6,602
Sub-total	7,222,254	9,142,265
Less: provision for bad debts	(4,580)	(4,747)
Total	7,217,674	9,137,518

The ageing is counted starting from the date the other receivable is recognized.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. 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 2014				31 December 2013			
		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)	7,176,065	99.36%	-	-	9,109,639	99.64%	-	-
Other receivables with amounts that are not individually significant	(5)	46,189	0.64%	4,580	9.92%	32,626	0.36%	4,747	14.55%
<b>Total</b>		<b>7,222,254</b>	<b>100.00%</b>	<b>4,580</b>	<b>0.06%</b>	<b>9,142,265</b>	<b>100.00%</b>	<b>4,747</b>	<b>0.05%</b>

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

(4) **As at 31 December 2014, 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 2014, 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 2013: Nil).

(5) **As at 31 December 2014, 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 2014, 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 2013: Nil).



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. 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 2014			31 December 2013		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	31,999	–	–	27,204	–	–
1 to 2 years	8,935	–	–	675	–	–
2 to 3 years	675	–	–	–	–	–
3 to 4 years	–	–	–	2,000	2,000	100%
4 to 5 years	2,000	2,000	100%	2,747	2,747	100%
Over 5 years	2,580	2,580	100%	–	–	–
<b>Total</b>	<b>46,189</b>	<b>4,580</b>	<b>9.92%</b>	<b>32,626</b>	<b>4,747</b>	<b>14.55%</b>

#### (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 (2013: Nil).

#### (8) Other receivables that are written off in current year

There were no material other receivables that are written off in current year (2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

(9) As at 31 December 2014, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for bad debts
CIMC SD	fund transfer	1,223,936	Within 1 year, 1 to 2 years	16.95%	—
CIMC HK	fund transfer, daily transfer	753,833	Within 1 year	10.44%	—
CIMCVL	fund transfer	464,827	Within 1 year	6.44%	—
Hongxin Berg	fund transfer	462,840	Within 1 year	6.41%	—
CIMC SD	fund transfer	424,932	Within 1 year, 1 to 2 years	5.88%	—
		3,330,368		46.12%	—

The Company's five largest other receivables as at 31 December 2013 amounted to RMB4,878,270,000 accounting for 53.36% 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 2014, 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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

##### (11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associates	Associates	34,204	0.47%
Subsidiaries	Subsidiaries	7,160,444	99.14%
<b>Total</b>		<b>7,194,648</b>	<b>99.61%</b>

##### (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 (2013: Nil).

##### (13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivable

There were no securitised other receivables during this year (2013: Nil).

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 5. Available-for-sale financial assets

	31 December 2014	31 December 2013
Measured at cost		
Available-for-sale equity instruments (1)	391,970	391,970
Less: provision for impairment	(3,065)	(3,065)
	388,905	388,905

(1) Related information analysis of available-for-sale financial assets is as follows:

Available-for-sale financial assets measured at cost:

	31 December 2013	Increase in current year	Decrease in current year	31 December 2014	Share holding (%)	Cash dividend declared
<b>Available-for-sale equity instruments</b>						
– cost						
– BOCM Schroder Stolt Fund Management	8,125	–	–	8,125	5.00%	5,000
– China Railway United Logistics	380,780	–	–	380,780	10.00%	–
– Guangdong Samsung	1,365	–	–	1,365	0.09%	–
– Beihai Yinjian	1,700	–	–	1,700	1.01%	–
Sub-total	391,970	–	–	391,970		5,000
Less: provision for impairment	(3,065)	–	–	(3,065)		–
Total	388,905	–	–	388,905		5,000

(2) Available-for-sale financial assets measured at cost held by the group are mainly unlisted equity investments with no active market price and their reasonable fair value estimates has large variation range; the probability determining the fair value estimate can not be reasonably determined so their fair value cannot be reliably measured. The group has no disposal of the investment plan.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2014	31 December 2013
Subsidiaries, unlisted (2)	8,426,789	6,048,812
Associates, unlisted	–	451,408
Joint ventures, unlisted	3,655	4,740
Sub-total	8,430,444	6,504,960
Less: provision for impairment	–	–
Total	8,430,444	6,504,960

There is no restriction on sale of the long-term equity investments held by the Company.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Long-term equity investments (Continued)

##### (2) Subsidiaries:

Investee	Investment cost	31 December 2013	Current year movement	31 December 2014	Share holding (%)	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%	–	–	681,286
XHCIMC	36,500	36,500	–	36,500	100.00%	100.00%	–	–	2,003
TJCIMC	77,704	77,704	–	77,704	100.00%	100.00%	–	–	–
TJICMCN	239,960	239,960	–	239,960	100.00%	100.00%	–	–	17,608
QDCC	60,225	60,225	–	60,225	100.00%	100.00%	–	–	9,776
DLCIMC	48,764	48,764	–	48,764	100.00%	100.00%	–	–	–
NBCIMC	24,711	24,711	–	24,711	100.00%	100.00%	–	–	–
SBWI	66,558	66,558	–	66,558	94.75%	94.75%	–	–	21,326
TCCIMC	131,654	131,654	–	131,654	100.00%	100.00%	–	–	–
ZCIMC	100,597	100,597	–	100,597	100.00%	100.00%	–	–	3,274
SHYSLE	193,204	193,204	–	193,204	100.00%	100.00%	–	–	–
CQVL	39,499	39,499	–	39,499	100.00%	100.00%	–	–	–
SCRC	200,892	200,892	–	200,892	92.00%	92.00%	–	–	199,932
QDCRC	54,225	54,225	–	54,225	100.00%	100.00%	–	–	7,662
XHCIMCS	82,026	82,026	–	82,026	100.00%	100.00%	–	–	11,761
DLL	46,284	46,284	–	46,284	100.00%	100.00%	–	–	29,960
QDCSR	12,743	12,743	–	12,743	100.00%	100.00%	–	–	15,522
TJICMCLE	47,750	47,750	–	47,750	100.00%	100.00%	–	–	–
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%	–	–	–

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 6. Long-term equity investments (Continued)

## (2) Subsidiaries: (Continued)

Investee	Investment cost	31 December 2013	Current year movement	31 December 2014	Share holding (%)	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%	-	-	154,683
CIMCSD	41,526	41,526	-	41,526	100.00%	100.00%	-	-	-
HI	311,792	311,792	-	311,792	100.00%	100.00%	-	-	-
CIMC Tech	108,544	108,544	-	108,544	100.00%	100.00%	-	-	-
TCCRC	48,102	48,102	-	48,102	100.00%	100.00%	-	-	-
CIMCWD	182,136	182,136	-	182,136	100.00%	100.00%	-	-	-
CIMC Management and Training (Shenzhen)	111,703	111,703	-	111,703	100.00%	100.00%	-	-	-
DLZH	3,472	3,472	-	3,472	100.00%	100.00%	-	-	-
MEA	126,689	126,689	-	126,689	100.00%	100.00%	-	-	-
SZW	71,717	71,717	-	71,717	100.00%	100.00%	-	-	-
TLC	72,401	72,401	-	72,401	100.00%	100.00%	-	-	-
SZSCIMCL	482,590	482,590	-	482,590	100.00%	100.00%	-	-	19,549
SZ investment	422,363	422,363	-	422,363	100.00%	100.00%	-	-	53,196
Finance Company	26,912	26,912	-	26,912	80.00%	80.00%	-	-	-
CIMC Vehicle Finance and Leasing Co., Ltd.	40,000	40,000	-	40,000	100.00%	100.00%	-	-	-
QDSV	60,000	60,000	-	60,000	100.00%	100.00%	-	-	-
SHGYTY	90,000	90,000	-	90,000	100.00%	100.00%	-	-	-
CIMCI	69,806	69,806	-	69,806	100.00%	100.00%	-	-	-
SZSKYC	1,979,000	1,000,000	979,000	1,979,000	100.00%	100.00%	-	-	-
COOP	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%	-	-	-
CIMC Mordern Logistic Development Co., Ltd.	500,000	-	500,000	500,000	100.00%	100.00%	-	-	-
C&C Trucks	898,977	-	898,977	898,977	66.24%	66.24%	-	-	-
Sub-total	8,426,789	6,048,812	2,377,977	8,426,789			-	-	1,227,538

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. 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 2013	Increase of investment into subsidiaries	Decrease of investment	Adjusted net profit and loss after Equity method	Adjusted other comprehensive income	Cash dividend declared	Impairment provided in current year	31 December 2014	Provision for impairment
Equity method – Associates										
C&C Trucks	540,000	451,408	(398,978)	-	(52,430)	-	-	-	-	-
Equity method – Joint venture										
SCSCRC	9,000	4,740	-	-	(1,085)	-	-	-	3,655	-

Important financial information for the Company's associates and joint ventures please refer to disclosure Note VI.2.

#### 7. Financial liabilities at fair value through profit or loss

	31 December 2014	31 December 2013
Current portion		
Derivative financial liabilities		
– Interest swap contract	21,307	26,865



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 8. Employee benefits payable

	31 December 2014	31 December 2013
Short-term wages	861,156	855,522
Defined contribution plans	492	494
	<b>861,648</b>	<b>856,016</b>

##### (1) Short-term wages

	31 December 2013	Increase in current year	Decrease in current year	31 December 2014
Wages and salaries, bonuses, allowances and subsidies	400,000	29,321	(79,321)	350,000
Profit-sharing bonus and Senior management bonus	455,522	89,791	(34,157)	511,156
Housing funds	–	2,719	(2,719)	–
Labor union funds and employee education funds	–	1,092	(1,092)	–
Staff welfare and others	–	2,247	(2,247)	–
Including: Medical insurance	–	1,826	(1,826)	–
Work injury insurance	–	269	(269)	–
Maternity insurance	–	152	(152)	–
Other short-term wages	–	287	(287)	–
<b>Total</b>	<b>855,522</b>	<b>125,457</b>	<b>(119,823)</b>	<b>861,156</b>

As at 31 December 2014, no defaulted payables are included in the balance of employee benefits payable and they will be paid in 2015.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 8. Employee benefits payable (Continued)

##### (2) Defined contribution plans

	31 December 2013	Increase in current year	Decrease in current year	31 December 2014
Basic pensions	494	3,967	(3,969)	492
Unemployment insurance	–	101	(101)	–
	494	4,068	(4,070)	492

#### 9. Taxes payable

	31 December 2014	31 December 2013
Enterprise income tax payable	1,867	3,148
Withholding individual income tax	1,402	1,202
Business tax payable	3,609	5,244
Others	433	689
Total	7,311	10,283

#### 10. Interest payable

	31 December 2014	31 December 2013
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,955	4,646
Interest of corporate debentures	180,669	180,088
Total	182,624	184,734

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 11. Other payable

- (1) The analysis of the Company's other payables is as follows:

	31 December 2014	31 December 2013
Amounts due to subsidiaries	6,504,627	3,505,729
Advance received	30,000	30,000
Quality guarantees	434	501
Accruals	481	4,344
Others	1,677	6,948
<b>Total</b>	<b>6,537,219</b>	<b>3,547,522</b>

- (2) Significant other payables aged over one year

As at 31 December 2014, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

- (3) As at 31 December 2014, 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.

- (4) Other payables to related parties:

Company name	Relationship with the Company	31 December 2014	31 December 2013
Subsidiaries	Subsidiaries	6,504,627	3,505,729

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 12. Current portion of non-current liabilities

(1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

Item	Note	31 December 2014	31 December 2013
Current portion of long-term borrowings			
– Unsecured	(2)	576,000	2,135,000
– Current portion of debentures payables	(3)	2,000,000	–
<b>Total</b>		<b>2,576,000</b>	<b>2,135,000</b>

(2) As at 31 December 2014, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2013: Nil).

(3) Current portion of debentures payables are as follows:

Name	Par value	The date of issue	The maturity of the notes	Issue Amount	Premium and discount amortization	The notes payable due within one year	The final balance
Medium-term notes-12CIMC MTN2	2,000,000	24/05/2012	3 year	2,000,000	–	2,000,000	2,000,000

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 13. Long-term borrowings

(1) The analysis of the Company's long-term loans is as follows:

	31 December 2014	31 December 2013
Bank borrowings		
– Unsecured	861,000	837,000

As at 31 December 2014, the Company has no long-term borrowings not wholly repayable within five years.

As at 31 December 2014, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2013: Nil).

As at 31 December 2014, the interest rate of long-term borrowing ranges from 3.90% to 4.92%(2013: 4.20% to 5.95%).

#### 14. Debentures payable

	31 December 2013	Interest by par value	Premium and discount amortization	the notes payable due within one year	31 December 2014
Medium-term notes	5,993,413	285,597	(282,930)	(2,000,000)	3,996,080

Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
Medium-term notes – 11CIMC MTN1	4,000,000	23/05/2011	5 years	4,000,000
Medium-term notes – 12CIMC MTN1	2,000,000	24/05/2012	3 years	2,000,000
Total	6,000,000			6,000,000

Information for the Company's debentures payable please refer to Note IV.37.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 15. 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 2014		31 December 2013	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	861,648	215,412	856,016	214,004
Movement for fair value of financial assets at fair value through profit or loss	21,307	5,327	26,865	6,716
Sub-total	882,955	220,739	882,881	220,720
Offsetting amount	(81,347)	(20,337)	(22,765)	(5,691)
<b>Net amount after offsetting</b>	<b>801,608</b>	<b>200,402</b>	<b>860,116</b>	<b>215,029</b>
Including:				
Amount estimated to reverse within 1 year (inclusive)		200,402		215,029
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss	(81,347)	(20,337)	(22,765)	(5,691)
Sub-total	(81,347)	(20,337)	(22,765)	(5,691)
Offsetting amount	81,347	20,337	22,765	5,691
<b>Offsetting balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Including:				
Amount estimated to reverse within 1 year (inclusive)		-		-

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 16. Capital surplus

	1 January 2014 (Restated)	Increase in current year	Decrease in current year	31 December 2014
Share premium	212,656	104,512	–	317,168
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	319,788	60,550	–	380,338
Others	(568,492)	–	–	(568,492)
<b>Total</b>	<b>(35,274)</b>	<b>165,062</b>	<b>–</b>	<b>129,788</b>

	1 January 2013 (Restated)	Increase in current year	Decrease in current year	31 December 2013
Share premium	212,656	–	–	212,656
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	238,283	81,505	–	319,788
Others	(568,492)	–	–	(568,492)
<b>Total</b>	<b>(116,779)</b>	<b>81,505</b>	<b>–</b>	<b>(35,274)</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 17. Other comprehensive income

	1 January 2014 (Restated)	Amount incurred in current year		31 December 2014
		Pre-tax amount incurred in current year	Post-tax amount attributable to the Company	
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754
	43,754	–	–	43,754

	1 January 2013 (Restated)	Amount incurred in current year		31 December 2013
		Pre-tax amount incurred in current year	Post-tax amount attributable to the Company	
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754
– Change in fair value of available-for-sale financial assets	537,021	(537,021)	(537,021)	–
– Related to the income tax influence of shareholders' equity	(129,737)	129,737	129,737	–
	451,038	(407,284)	(407,284)	43,754



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 18. Revenue and cost of sales

(1)

	2014	2013
Revenue from other operations	289,577	192,684
Cost of sales from other operations	–	–

(2) Revenue and cost of sales from other operations

	2014		2013	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	289,246	–	192,196	–
Others	331	–	488	–
Total	289,577	–	192,684	–

#### 19. Profit/(losses) from changes in fair value

	2014	2013
Financial assets at fair value through profit or loss for the current period		
– Changes in fair value during the year	64,934	(7,880)
– Losses for derecognised financial assets at fair value through profit or loss	(6,352)	16,710
Financial liabilities at fair value through profit or loss for the current period		
– Changes in fair value during the year	5,558	64,066
Total	64,140	72,896

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 20. Investment income

##### (1) Investment income by categories

	2014	2013
Income from long-term equity investment under cost method	1,227,538	1,000,288
Income from long-term equity investment under equity method	(53,515)	(90,373)
Income from disposal of available-for-sale financial assets	–	534,108
Income earned during the holding period of available-for-sale financial assets	5,000	13,222
Loss from disposal of financial assets at fair value through profit or loss for the current period	6,352	(16,710)
<b>Total</b>	<b>1,185,375</b>	<b>1,440,535</b>

Investment income from listed investments in 2014 amount to RMB6,352,000(2013: investment income: RMB530,620,000); and investment income from non-listed investments in 2014 amount to RMB1,179,023,000(2013: investment income: RMB909,915,000).

#### 21. Non-operating income

##### (1) Non-operating income by categories:

	2014	2013
Gains on disposal of non-current assets	–	25
Gains on disposal of fixed assets	–	25
Gains on disposal of intangible assets	–	–
Government grants	75,091	1,052
Others	4,791	641
<b>Total</b>	<b>79,882</b>	<b>1,718</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 21. Non-operating income (Continued)

##### (2) Details of government grants

	2014	2013	Related to assets/earnings
Financial subsidies	75,091	1,052	Related to earnings

#### 22. Income tax expenses

	2014	2013
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	14,627	(31,309)
Total	14,627	(31,309)

Reconciliation between income tax expenses and accounting profits is as follows:

	2014	2013
Total profit	1,025,949	947,231
Income tax expenses calculated at applicable tax rates	256,487	236,807
Expenses not deductible for tax purposes	2,277	1,157
Tax effect of tax loss for which no deferred tax asset was recognised in this Reporting Period	50,619	–
Unrecognised tax losses in last Reporting Period	–	(38,489)
Income not subject to tax	(294,756)	(230,784)
Income tax expenses	14,627	(31,309)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 23. 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:

	2014	2013
Net profit	1,011,322	978,540
Add: Provisions for asset impairment	–	(3)
Depreciation of fixed assets	16,395	16,790
Amortisation of intangible assets	255	693
Amortisation of long-term prepaid expenses	3,175	2,311
Gains on disposal of fixed assets, intangible assets	48	141
Profit on change in fair value	(64,140)	(72,896)
Financial expenses	412,421	580,727
Investment income	(1,185,375)	(1,440,535)
Share-based payment expenses	60,550	81,505
Decrease/(Increase) in deferred tax assets	14,627	(31,309)
Decrease in operating receivables	2,388,199	1,719,904
Increase in operating payables	3,067,638	137,494
Net cash flows from operating activities	5,725,115	1,973,362

###### (b) Net increase in cash and cash equivalents:

	2014	2013
Cash and cash equivalents at the end of the year	831,212	386,732
Less: cash and cash equivalents at the beginning of the year	386,732	444,913
Net increase in cash and cash equivalents	444,480	(58,181)

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 23. Notes to the consolidated cash flow statement (Continued)

##### (2) Cash and cash equivalents

	31 December 2014	31 December 2013
Cash		
Including: Cash at bank that can be readily drawn on demand	831,194	386,699
Other monetary fund that can be readily drawn on demand	18	33
Cash and cash equivalents at the end of the year	<b>831,212</b>	<b>386,732</b>

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

### XVII. NET CURRENT ASSETS

	The Group	
	31 December 2014	31 December 2013
Current assets	45,172,177	41,169,668
Less: current liabilities	43,340,077	32,576,349
Net current assets	<b>1,832,100</b>	<b>8,593,319</b>

	The Company	
	31 December 2014	31 December 2013
Current assets	13,510,335	13,434,256
Less: current liabilities	10,227,084	6,733,555
Net current assets	<b>3,283,251</b>	<b>6,700,701</b>

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

### XVIII. TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	31 December 2014	31 December 2013
Total assets	87,776,181	72,605,972
Less: current liabilities	43,340,077	32,576,349
Total assets less current liabilities	44,436,104	40,029,623

	The Company	
	31 December 2014	31 December 2013
Total assets	22,685,293	20,691,075
Less: current liabilities	10,227,084	6,733,555
Total assets less current liabilities	12,458,209	13,957,520

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### SUPPLEMENTARY INFORMATION

#### 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2014
Loss on disposal of non-current assets	(33,210)
Government grants recognised in profit or loss for the current period	294,996
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date recognised in investment income	41,863
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	(127,662)
Net gain from disposal of subsidiary	(8,278)
Reversal of accounts receivable provided for bad debts on an individual basis	80,784
Other non-operating income and expenses other than the above items	10,756
Other non recurring gains and loss items	155,860
Effect of income tax	(38,082)
Effect of minority interests (after tax)	(41,907)
<b>Total</b>	<b>335,120</b>

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.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 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	12%	0.93	0.92
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	10%	0.80	0.80

### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS

Assets:		31 December 2014	31 December 2013	Fluctuation amount and percentage	
				Amount	%
<b>Current assets:</b>					
Advance to suppliers	(1)	5,223,351	3,393,804	1,829,547	54%
Current portion of non-current assets	(2)	2,388,975	1,513,337	875,638	58%
<b>Non-current assets:</b>					
Fixed assets	(3)	19,051,137	13,508,082	5,543,055	41%
Construction in progress	(4)	10,460,940	6,684,619	3,776,321	56%
Long-term prepaid expenses	(5)	194,163	96,075	98,088	102%
Deferred tax assets	(6)	1,117,744	856,406	261,338	31%

- (1) Advance to suppliers: mainly due to the prepayments for the purchase of machinery resulting from more orders accepted by the offshore engineering segment.
- (2) Current portion of non-current assets: mainly due to the increase long term financial leasing payable due within one year.
- (3) Fixed assets: mainly due to the increase of transfers from construction in progress of the offshore engineering.
- (4) Construction in progress: mainly due to the new vessels under construction.
- (5) Long-term prepaid expenses: mainly due to the increase of tooling improvement project.
- (6) Deferred tax assets: mainly due to the deductible losses during the Reporting Period etc..



## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

Liabilities:		31 December 2014	31 December 2013	Fluctuation amount and percentage	
				Amount	%
<b>Current liabilities:</b>					
Short-term borrowings	(1)	11,239,527	7,244,780	3,994,747	55%
Financial liabilities at fair value through profit or loss	(2)	103,657	1,297	102,360	7,892%
Notes payable	(3)	1,684,016	1,173,361	510,655	44%
Accounts payable	(4)	11,364,903	7,781,645	3,583,258	46%
Dividends payable	(5)	47,973	197,897	(149,924)	-76%
Current portion of non-current liabilities	(6)	4,052,854	2,458,775	1,594,079	65%
<b>Non-current liabilities:</b>					
Financial liabilities at fair value through profit or loss	(7)	73,884	27,166	46,718	172%
Long-term borrowings	(8)	11,110,296	7,761,243	3,349,053	43%
Debentures payables	(9)	4,455,080	6,450,730	(1,995,650)	-31%
Long-term payables	(10)	672,562	242,992	429,570	177%
Deferred tax liabilities	(11)	369,599	661,200	(291,601)	-44%

- (1) Short-term borrowings: mainly due to the financing arrangement to meet the requirement working capital.
- (2) Financial liabilities at fair value through profit or loss-current portion: mainly due to the changes in fair value of foreign future contracts.
- (3) Notes payable: mainly due to the C&C Trucks that became into the consolidation scope during the Reporting Period.
- (4) Accounts payable: mainly due to the payments for the material purchase from the offshore engineering.
- (5) Dividends payable: mainly due to the decrease of dividends payable for minority shareholder of subsidiary.
3. Explanations of irregular fluctuations and related reasons on major items of the financial statements (Continued)
- (6) Current portion of non-current liabilities: mainly due to the transfer of debentures payables due within one year.
- (7) Financial liabilities at fair value through profit or or loss-non-current portion: mainly due to the changes in fair value of foreign future contracts and foreign option contracts.
- (8) Long-term borrowings: mainly due to the financing arrangement to meet the requirement working capital.
- (9) Debentures payables: mainly due to the transfer out from debentures payables this year.
- (10) Long-term payables: mainly due to the Long-term payables of C&C Trucks that became into the consolidation scope during the Reporting Period.
- (11) Deferred tax liabilities: mainly due to the reverse of the identified China resident enterprises overseas enterprise withholding tax in current year.

## Chapter 13 Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

Profit and loss		2014	2013	Fluctuation amount and percentage	
				Amount	%
Asset impairment losses	(1)	284,138	138,931	145,207	105%
Profit from changes in fair value	(2)	(228,725)	189,883	(418,608)	-220%
Non-operating income	(3)	389,679	274,223	115,456	42%
Non-operating expenses	(4)	117,137	82,338	34,799	42%
Income tax expenses	(5)	536,488	928,222	(391,734)	-42%

- (1) Asset impairment losses: mainly due to the increase of the provision for impairment of advance to suppliers of Zhenhua group and current portion of non-current assets of CIMC Financing and Leasing.
- (2) Profit from changes in fair value: mainly due to the changes in fair value of derivative financial instruments during the Reporting Period.
- (3) Non-operating income: mainly due to the increase of government grants and gains on disposal of non-current assets during the Reporting Period.
- (4) Non-operating expenses: mainly due to the increase of losses on disposal of non-current assets during the Reporting Period.
- (5) Income tax expenses: mainly due to the reverse of the identified China resident enterprises overseas enterprise withholding tax in current year.

### 4. SUPPLEMENTARY INFORMATION TO CHANGES IN ACCOUNTING POLICIES

The Group changed accounting policies and restated its comparative financial statements according to the eight accounting standards such as 'Accounting Standards for Enterprises No. 2 – Long-term equity investment' issued by Ministry of Finance in 2014 (pls refer to Note II.33). The consolidated balance sheets as at 1 January 2013 has also been restated.

## 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 and senior management of the Company, we have carefully reviewed the annual report for 2014 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 Chinese 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 Reporting Period.
6. The Articles of Association.

April 2015

# 创·造·新价值

Driving new value Moving the world

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](http://www.cimc.com)