

CIMC

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



Annual Report 2019

SIGNIFICANT RISK WARNING

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

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IMPORTANT NOTICE

The 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 individually and collectively take legal responsibility.

The 2019 annual report (hereinafter referred to as this "Report" or the "2019 Annual Report") has been reviewed and approved at the 2nd meeting of the ninth session of the Board in 2020. All Directors have attended the Board meeting. All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2019 Annual Report.

The proposed profit distribution plan of the Company for 2019 as considered and approved by the Board is based on the total share capital of the Company as at the record date of dividend payment for 2019, a cash dividend of RMB1.2 (tax inclusive) per 10 shares will be distributed to all Shareholders; no bonus shares will be issued and shares will not be converted from capital reserve into share capital. The proposed dividend is expected to be payable on or around 30 June 2020. The annual dividend distribution plan for 2019 shall be submitted to the Company's annual general meeting for consideration and approval.

Mr. WANG Hong, person-in-charge of the Company and chairman of the Board, Mr. MAI Boliang, executive Director, CEO and president, and Mr. ZENG Han, general manager of the financial management department, 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.

The financial statements of the Group for 2019 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 certain forward-looking statements in relation to the financial position, operating results and business of the Group. As the situation described in the relevant statements is beyond the control of the Group, such forward-looking statements are highly risky and uncertain in nature. These forward-looking statements represent the Group's current expectations on future events and are not a guarantee of future performance. Actual performance may differ from what is included in the forward-looking statement. 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)”)	Domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in Renminbi.
“A Share(s) Share Option Incentive Scheme”	Share option incentive scheme of China International Marine Containers (Group) Co., Ltd. considered and approved at the extraordinary general meeting of the Company on 17 September 2010.
“Articles of Association”	The Articles of China International Marine Containers (Group) Co., Ltd.
“Board”	The Board of the Company.
“C&C Trucks”	C&C Trucks Co., Ltd. (集瑞聯合重工有限公司), a company incorporated in the PRC with limited liability in 2009 and a non-wholly-owned subsidiary of the Company.
“CASBE”	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the PRC, and application guidance and interpretations to CASBE and other related regulations.
“CIMC TianDa”	CIMC-TianDa Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability in 2002, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 445), and a non-wholly-owned subsidiary of the Company.
“CIMC” or “Company” or “Group”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange.
“CIMC Enric”	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability in 2004, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) and a non-wholly-owned subsidiary of the Company.
“CIMC Finance Company”	CIMC Finance Co., Ltd., a company incorporated in the PRC in 2010 and a subsidiary of the Company.

DEFINITIONS

“CIMC Financial Leasing Company”	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC in 2007 and a wholly-owned subsidiary of the Company.
“CIMC HK”	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong in 1992 and a wholly-owned subsidiary of the Company.
“CIMC Investment”	Shenzhen CIMC Investment Co., Ltd. * (深圳市中集投資有限公司), a company incorporated in the PRC in 2011 and a wholly-owned subsidiary of the Company.
“CIMC Modular”	CIMC Modular Building Investment Company Limited (中集模塊化建築投資有限公司), a company incorporated in the PRC in 2013 and a wholly-owned subsidiary of the Company.
“CIMC Offshore Engineering”	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC in 2016 and a wholly-owned subsidiary of the Company.
“CIMC Raffles”	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore in 1994 and a wholly-owned subsidiary of the Company.
“CIMC Skyspace Real Estate”	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd., a company incorporated in the PRC in 1998 and a non-wholly-owned subsidiary of the Company.
“CIMC Vehicles”	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司), a company incorporated in the PRC in 1996, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 1839), and a non-wholly-owned subsidiary of the Company.
“Corporate Governance Code”	The Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
“China Merchants Group” or “CMG”	China Merchants Group Limited (招商局集團有限公司), a state-owned enterprise established in the PRC under direct control of the State-owned Assets Supervision and Administration Commission, the controlling shareholder of CIMC Investment.
“Merchants Shekou”	China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and an indirect non-wholly-owned subsidiary of China Merchants Group.
“CSRC”	China Securities Regulatory Commission.
“Director(s)”	The director(s) of the Company.

DEFINITIONS

“Enric Shenzhen”	CIMC Enric Investment Holdings (Shenzhen) Ltd. (中集安瑞科投資控股(深圳)有限公司), a company incorporated in the PRC in 2010 and a non-wholly-owned subsidiary of the Company.
“H Share(s)” (or “Overseas-listed Foreign Share(s)”)	Overseas-listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“Hong Kong Listing Rules”	The 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.
“Implementation Rules of the Audit Committee”	The Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd.
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.
“Southern CIMC”	Shenzhen Southern CIMC Containers Manufacture Co., Ltd., a company incorporated in the PRC in 1995 and a wholly-owned subsidiary of the Company.
“PRC” or “China”	The People’s Republic of China.
“Pteris”	Pteris Global Limited, a company incorporated in Singapore and a non-wholly-owned subsidiary of the Company.
“Reporting Period” or “Year” or “Period”	The twelve months from 1 January 2019 to 31 December 2019.
“RMB”	Renminbi, the lawful currency of the PRC.
“Rules of Procedures for the Board”	The Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the General Meetings”	The Rules of Procedure for the General Meetings of China International Marine Containers (Group) Co., Ltd.
“Rules of Procedure for the Supervisory Committee”	The Rules of Procedure for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd.
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“Shareholder(s)”	The holder(s) of A share(s) and H share(s) of the Company.

DEFINITIONS

“Shenzhen Listing Rules”	The Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange.
“Supervisor(s)”	The supervisor(s) of the Company.
“Supervisory Committee”	The Supervisory Committee of the Company.
“SESKYC”	Shenzhen Sky Capital Co., Ltd. (深圳天億投資有限公司), a company incorporated in the PRC in 2011 and a wholly-owned subsidiary of the Company.
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America.
“Ziegler”	Albert Ziegler GmbH, a company incorporated in Germany and a non-wholly-owned subsidiary of the Company.
“TSC Group” or “CIMC Ocean”	TSC Group Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 206), and has been renamed as CMIC Ocean En-Tech Holding Co., Ltd in February 2019.
“%”	Percentage.

GLOSSARY

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

Items	Definitions
CNG	Compressed Natural Gas.
ERP	Enterprise Resource Planning.
EPC	Engineering Procurement Construction.
FPSO	Floating Production Storage and Offloading.
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment.
HSE	Health Safety Environment.
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
Modular Building	The building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimization Never Ending, the lean management system of the Group.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.
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.
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.

CHAPTER I

CORPORATE PROFILE

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law on 14 January 1980 and was named as “China International Marine Containers Co., Ltd.” (中國國際海運集裝箱股份有限公司) upon incorporation. After being restructured as a joint stock limited company in December 1992, and publicly 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, road transportation vehicles, energy, chemical, liquid food equipment, offshore engineering equipment, airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, special-purpose containers, tank containers, wooden container floorboards, road tank trucks, natural gas processing equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges and bridge-mounted equipment, airport ground support equipment, fire safety and rescue vehicles and the design, manufacture and services of automated logistics system and intelligent parking system. In addition, the Group is also engaged in logistics services business, industrial city development, finance and asset management and other businesses. Through business expansion and technology development, the Group has formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

I. COMPANY INFORMATION

Legal 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 Representative:	Wang Hong
Authorised Representatives:	Mai Boliang, Yu Yuqun
Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Postal Code:	518067
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Company Website:	http://www.cimc.com
Email Address:	shareholder@cimc.com

CHAPTER I
CORPORATE PROFILE

II. 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, PRC (Postal code: 518067)
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, PRC (Postal code: 518067)
Contact Telephone:	(86 755) 2680 2706
Facsimile:	(86 755) 2682 6579
Email Address:	shareholder@cimc.com

III. CHANGES IN REGISTRATION

Unified social credit code:	91440300618869509J
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

IV. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Designated Newspapers for Information Disclosure:	A Shares: "China Securities Journal", "Securities Times", and "Shanghai Securities News"
Authorised Websites on which this Report is Made Available:	A Shares: www.cninfo.com.cn H Shares: www.hkexnews.hk
Legal Website:	www.cimc.com
Places at which this Report is Available:	Office of the Secretary to the Board of the Company, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

CHAPTER I CORPORATE PROFILE

V. STOCK INFORMATION OF THE COMPANY

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

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

VI. OTHER RELEVANT INFORMATION

Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Hong Kong Lawyer:	Paul Hastings 21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyer:	Commerce & Finance (Shenzhen) Law Offices Unit 2301, Block A, Aerospace Science and Technology Plaza, Haide 3rd Road, Nanshan District, Shenzhen
Auditor:	PricewaterhouseCoopers Zhong Tian LLP <i>Recognized Public Interest Entity Auditor</i> 11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
The Certified Public Accountants as the Signatories:	Cao Cuili, Guo Suhong

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. CHANGE OF ACCOUNTING POLICIES AND CORRECTION OF ACCOUNTING ERRORS

Retrospective adjustment to or restatement of the accounting information for prior years by the Company due to change of accounting policies and correction of accounting errors

Yes No

The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 21 – Leases 《企業會計準則第21號 – 租賃》 (the “**New Leasing Standards**”) in 2018, and issued the Notice on Revising and Circulating the Format of Consolidated Financial Statements (2019) 《關於修訂印發合併財務報表格式(2019版)的通知》 (Cai Kuai [2019] No. 16), the revised Accounting Standards for Business Enterprises No. 7 – Exchange of Non-Monetary Assets 《企業會計準則第7號 – 非貨幣性資產交換》 (the “**Standards for Exchange of Non-Monetary Assets**”) and the revised Accounting Standards for Business Enterprises No. 12 – Debt Restructuring 《企業會計準則第12號 – 債務重組》 (the “**Standards for Debt Restructuring**”) in 2019. The financial statements for 2019 are prepared in accordance with the above standards and notice.

The Standards for Exchange of Non-Monetary Assets and the Standards for Debt Restructuring have no significant impact on the Group and the Company.

The Group and the Company implemented the New Leasing Standards for the first time on 1 January 2019. In accordance with the relevant regulation, the Group and the Company opted out of re-evaluating the contracts that already existed before the date of the first execution. The Group and the Company adjusted the related items in the financial statements at the beginning of 2019 to reflect the accumulated differences from the first implementation of the new leasing standards. The 2018 comparative financial statements were not restated.

According to the provisions of the Notice on Revising and Circulating the Format of Consolidated Financial Statements (2019) 《關於修訂印發合併財務報表格式(2019版)的通知》 (Cai Kuai [2019] No. 16) issued by the Ministry of Finance, the Group adopted the revised format of financial statements of general enterprises to prepare its financial statements for the accounting year starting from 1 January 2019.

For details of the relevant effects above, see “32. Significant changes in accounting policies” of “II. Significant Accounting Policies and Accounting Estimates” in “Chapter XIV Financial Statements Prepared in Accordance with CASBE”.

Whether there are corporate bonds

Yes No

Whether the Company has continuous deficit in recent two years

Yes No Not Applicable

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: RMB thousand

Income statement items	2019	2018	For the year ended 31 December			2015 (Restated)
			(Changes) from the previous year to this year	2017	2016	
Revenue	85,815,341	93,497,622	(8.22%)	76,299,930	51,111,652	58,685,804
Operating profit	5,838,747	6,477,005	(9.85%)	4,171,685	1,202,884	3,039,854
Profit before income tax	5,613,874	6,683,558	(16.00%)	4,409,241	1,702,051	3,302,470
Income tax expenses	3,103,761	2,615,103	18.69%	1,250,826	967,068	951,825
Net profit	2,510,113	4,068,455	(38.30%)	3,158,415	734,983	2,350,645
Including:						
Net profit attributable to Shareholders and other equity holders of the Company	1,542,226	3,380,436	(54.38%)	2,509,242	539,660	2,026,613
Profit or loss attributable to minority Shareholders	967,887	688,019	40.68%	649,173	195,323	324,032
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	1,241,479	2,258,609	(45.03%)	1,367,068	511,420	1,751,645

Unit: RMB thousand

Assets and liabilities items	2019	2018	As at 31 December			2015 (Restated)
			(Changes) from the previous year to this year	2017	2016	
Total current assets	90,023,127	81,902,959	9.91%	59,001,923	53,352,031	43,530,325
Total non-current assets	82,084,394	76,981,004	6.63%	71,602,456	71,262,717	63,526,740
Total assets	172,107,521	158,883,963	8.32%	130,604,379	124,614,748	107,057,065
Total current liabilities	70,551,310	73,137,289	(3.54%)	51,421,759	46,249,215	45,922,271
Total non-current liabilities	46,518,233	33,343,686	39.51%	35,945,186	39,230,741	25,413,879
Total liabilities	117,069,543	106,480,975	9.94%	87,366,945	85,479,956	71,336,150
Equity attributable to Shareholders and other equity holders of the Company	39,253,886	37,324,999	5.17%	32,460,927	29,285,970	28,687,635
Minority interests	15,784,092	15,077,989	4.68%	10,776,507	9,848,822	7,033,280
Total equity attributable to Shareholders	55,037,978	52,402,988	5.03%	43,237,434	39,134,792	35,720,915

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB thousand

Cash flow items	2019	For the year ended 31 December				
		2018	(Changes) from the previous year to this year	2017	2016	2015
Net cash flows from operating activities	3,538,522	140,732	2414.37%	4,464,831	2,341,619	(3,610,223)
Net cash flows from investing activities	(9,084,157)	(4,401,930)	(106.37%)	(1,769,557)	(6,854,655)	(12,584,781)
Net cash flows from financing activities	3,613,642	9,295,766	(61.13%)	(3,537,153)	7,511,046	16,505,663

Key financial indicators	2019	2018 (Note)	Changes from the previous year to this year	2015		
				2017	2016	(Restated)
Basic earnings per share attributable to Shareholders of the Company (RMB)	0.37	0.92	(59.78%)	0.81	0.14	0.74
Diluted earnings per share attributable to Shareholders of the Company (RMB)	0.37	0.92	(59.78%)	0.81	0.14	0.73
Net cash flows from operating activities per share (RMB)	0.99	0.05	1880.00%	1.50	0.79	(1.21)
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB) (Total shares based on ordinary shares outstanding at the end of the year)	10.95	12.50	(12.40%)	10.88	9.83	9.63
Weighted average return on net assets (%)	4%	10%	(6%)	8%	2%	8%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	3%	7%	(4%)	4%	1%	7%

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

CHAPTER II
SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: RMB thousand

	2019			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	19,099,547	23,618,182	18,942,542	24,155,070
Net profit attributable to Shareholders and other equity holders of the Company	405,681	274,148	(43,502)	905,899
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	331,460	118,737	(50,846)	842,128
Net cash flows from operating activities	(599,434)	(1,502,978)	1,581,527	4,059,407

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

Yes No

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: RMB thousand

Items	2019	2018	2017
(Losses)/gains on disposal of non-current assets	(3,905)	1,347,841	15,635
Government grants recognised in profit or loss for the current period	893,366	386,822	472,626
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment income arising from disposal of other equity investments, other debt investments, and other non-current financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	(217,160)	(442,899)	125,295
Reversal of impairment provision for accounts receivable tested for impairment separately	6,521	-	-
Net gains from disposal of long-term equity investments	352,525	113,061	458,808
Other profit/loss items defined as non-recurring profit/loss items	-	(158,226)	143,549
Other non-operating income and expenses other than the above items	(158,785)	259,462	335,255
Effect of income tax	(207,787)	(360,164)	(326,880)
Effect of minority interests (after tax)	(364,028)	(24,070)	(82,114)
Total	300,747	1,121,827	1,142,174

Reasons and explanations on the Company defining the non-recurring profit or 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 non-recurring profit or loss items which are listed as non-recurring profit or loss items under the requirements of the Explanatory Announcement No. 1 as recurring profit or loss items.

Applicable Not Applicable

The Company did not define the non-recurring profit or loss items as defined and listed under the Explanatory Announcement No. 1 as recurring profit or loss items during the Reporting Period.

CHAPTER II

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

V. ITEMS AT FAIR VALUE

Unit: RMB thousand

	Balance at beginning of the Year	Profit or loss arising from changes in fair value for the Year	Cumulative changes in fair value recognised in equity	Impairment provisions accrued for the Year	Balance at end of the Year
Financial assets:					
1. Financial assets held for trading	193,676	42,496	–	–	415,503
2. Derivative financial assets and other non-current financial assets	381,136	(207,838)	–	–	175,425
3. Investments in other equity instruments	984,155	–	517,418	–	1,373,385
4. Receivables financing	179,412	–	1,010	–	1,236,504
5. Other debt investments	30,581	–	1,272	–	31,272
Sub-total of financial assets	1,768,960	(165,342)	519,700	–	3,232,089
Investment properties	1,966,277	33,156	–	–	2,769,715
Total	3,735,237	(132,186)	519,700	–	6,001,804
Financial liabilities	(376,599)	(24,566)	–	–	(403,706)
Total	3,358,638	(156,752)	519,700	–	5,598,098

VI. DIFFERENCES IN ACCOUNTING INFORMATION UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

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

Applicable Not Applicable

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

Applicable Not Applicable

3. Reason for differences in accounting data under domestic and foreign accounting standards

Applicable Not Applicable

CHAPTER III

CHAIRMAN'S STATEMENT



Wang Hong
Chairman

DEAR SHAREHOLDERS,

2019 is a tougher year for CIMC since the global economic recovery in 2017, in which the global economic growth slowed down and the growth of major economies declined, the Sino-U.S. trade frictions continued and China faced increasing pressures on economic downturn. All these factors brought certain influences and challenges to the global business of CIMC. With the joint efforts of all employees, CIMC has overcome numerous difficulties brought about by macroeconomic factors and still maintained the general trend of sound development.

RESULTS AND PERFORMANCES

In 2019, the Group's revenue amounted to RMB85.815 billion (2018: RMB93.498 billion), representing a year-on-year decrease of 8.22%; the net profit attributable to Shareholders and other equity holders of the Company amounted to RMB1.542 billion (2018: RMB3.380 billion), representing a year-on-year decrease of 54.38%; and the basic earnings per share amounted to RMB0.37 (2018: RMB0.92), representing a year-on-year decrease of 59.78%. As affected by the dramatic fluctuations in the container industry, the business performance of the container segment was lower than expected and significantly dropped on a year-on-year basis, which had a great adverse impact on the Group as a whole. As far as the progress of material projects is concerned, the Group completed Qianhai land preparation in 2019, and recognised all revenue from the land in Qianhai. Meanwhile, due to the sluggish market, the Group made provision for asset impairment of RMB5.03 billion on offshore engineering platforms in 2019.

Container Manufacturing Business:

In 2019, due to the significant decline in the overall demand in the industry, orders on the container manufacturing business decreased. Meanwhile, as a result of the unbalanced supply and demand and the intensified competition in the industry, the overall profit margin of such business was significantly reduced year-on-year. Facing the remarkable market downturn, the Group unswervingly continued to carry out innovative upgrade and connotative optimisation in the container manufacturing business, striving to enhance intelligent manufacturing and promote informationised, digital and green development in production and operation with a view to establishing new benchmarks in the industry, thus consolidating the foundation for the great-leap-forward development of the container industry in the future.

CHAPTER III CHAIRMAN'S STATEMENT

Road Transportation Vehicles Business:

In July 2019, CIMC Vehicles was officially listed on the Hong Kong Stock Exchange, making it the first semi-trailer manufacturing enterprise in the Hong Kong stock market. While exploiting the path of capitalization and expanding financing potential, it consistently enhanced international management and increased brand premium. CIMC Vehicles led the establishment of the Joint Committee of High-Quality Trailer Development of China (中國掛車高質量發展聯席會), which is committed to creating an ecological circle of healthy development of China's trailer industry and promoting the compliance and high-quality development of China's trailer industry.

Energy, Chemical and Liquid Food Equipment Business:

In 2019, the Group maintained a continuous growth in the revenue from the energy, chemical and liquid food equipment business. In respect of clean energy business, the Group actively advanced the application of natural gas in the field of transportation and the promotion of vehicular and shipborne equipment; and smoothly commenced the building of a 20,000-m³ LNG bunkering vessel, the largest of its kind in the world and provided LNG tank containers in large quantities and overall solutions to the gas station with 9,000Nm³/h under the Indonesian national strategy of "Large-scale Island-island Gas Transportation". In terms of chemical environment business, CIMC Enric maintained its leading position in the global market under the background with fierce market competition and challenges. For the liquid food business, the Group successfully acquired high-quality assets of DME, a renowned Canadian brewing equipment manufacturer, initiating its expansion in the global craft beer market.

Offshore Engineering Business:

In 2019, the Group's offshore engineering business was still in a relatively low stage. However, it delivered the "Long Whale No. 1", the first intelligent bottom cage in China with breakthroughs in design, which has facilitated fishery cultivation advancing from coastal waters to the far-reaching sea. The Group delivered the P71 FPSO hull to Petrobras on time as budgeted, marking a new breakthrough in the field of offshore oil and gas production. CIMC exhibited "Blue Whale No. 1" and other equipment of strategic importance at the 2019 China Marine Economy Expo, offering "CIMC solutions" to building Shenzhen into an international key marine city. With the establishment of CIMC Offshore Oil and Gas R&D Center and CIMC Offshore New Growth Driver R&D Center, CIMC embarked on the study of the world's most advanced marine technologies.

Airport Facilities, Fire Safety and Automated Logistics Equipment Business:

2019 is a year of milestones in the history of the Group's airport facilities, fire safety and automated logistics equipment business. CIMC TianDa finally completed the unification of the management and shareholding structures after the acquisition of 60% equity interests in the Germany-based Ziegler. Meanwhile, it achieved continuous quality growth in operation results with significant progresses in all businesses. The world's first unmanned intelligent boarding bridges were put into trial use at airports in the Netherlands, facilitating the transformation of global airports into intelligent ones. The Group won the bidding for the baggage handling system for state-owned airports in India, making it the biggest supplier of airport luggage handling equipment in India. The Group fully supported the official operation of Beijing Daxing International Airport, showing the quality of world-class champion products.

CHAPTER III CHAIRMAN'S STATEMENT

Heavy Trucks Business:

In 2019, C&C Trucks continued to enhance internal coordination within the Group. It focused on channels, consolidated resources and fostered key distributors and followed the "market-oriented" principle to continuously improve management. The launch of the new U+ vehicle marked that it achieved a leading position in technology and made a new stride in high-end heavy trucks with an increasingly enhanced brand influence.

Logistics Services Business:

In 2019, the volume of containers handled in the logistics services business of the Group continued to be the highest in China, and meanwhile, the Group strengthened the deep cooperation with shipping companies and the yard program under the strategic cooperation with CMA in Tianjin was implemented successfully.

Industrial City Development Business:

In 2019, the Group's industrial city development business was under smooth progress. It focused on the key resource layout in two major core areas: firstly, taking Shenzhen as the core to cover the Guangdong-Hong Kong-Macao Greater Bay Area; secondly, taking Shanghai-Yangzhou as the core, to gradually form a two-point and one-line regional development layout in the Yangtze River Delta.

Finance and Asset Management Business:

In 2019, CIMC Financial Leasing Company, a subsidiary of the Company, adhered to the strategic positioning of the "integration of industry and finance" to continuously improve the overall risk management system and expand overseas financial channels. Meanwhile, CIMC Finance Company was approved to conduct integrated operation and management of cross-border capital by Shenzhen Branch of the State Administration of Foreign Exchange, facilitating the Group's cross-border capital management to a new level.

Other Businesses:

In 2019, the Group fully expanded its modular building business to the UK, Australia, New Zealand, the U.S., North Europe and other developed countries and regions and seized the opportunity in the construction of cloud data centers in the "5G" era and established strategic partnership with well-known technology groups.

In 2019, the Group's multimodal transport business continued to be advanced under the strategic thinking of "procuring equipment, building channels, entering stations, and establishing platforms" (上裝備、建通道、進場站、搭平台) with various progresses achieved in equipment, network layout, entering stations and establishing platforms

MAJOR INITIATIVES ON MANAGEMENT AND DEVELOPMENT

In 2019, the Group maintained the general trend of sound development, which also benefited from our centering on strategic theme "transformation and upgrading, quality development" to consistently enhance the perfection and improvement of our management system. Major initiatives taken are as follows:

1. Create champion products

In 2018, the Group defined its strategy for creating champion products for the first time. In 2019, the Group newly obtained seven authoritative certifications for world-class champion products, further solidifying CIMC's confidence and determination in building champion product projects. The Group's freight trailers and semi-trailers were selected as single champion products by Ministry of Industry and Information Technology of the People's Republic of China (the "MIIT"), of which Qingdao CIMC Reefer Container Manufacture Co., Ltd. was selected as single champion demonstration enterprise by the MIIT, and won the honor and economic rewards from the local government where the

CHAPTER III CHAIRMAN'S STATEMENT

enterprise operates. At the same time, four products (boarding bridges, reefer containers, tank containers, semi-trailers) and one enterprise (Ziegler) of the Group were selected into Simon's hidden champion database. In addition to the champion products, the Group continued to push forward the "One-hundred Talent Program" to promote the new business development and transformation of CIMC through innovation and entrepreneurship and to build a platform for sustainable development through the incubation of internal and external innovation and entrepreneurship and the continuous layout of forward-looking and relatively early-stage emerging businesses with certain technological content.

2. **Continuously promote lean management and improve operational efficiency**

In terms of control mode, the Group has continued to strengthen the assessment of the mechanisms and processes such as strategic planning, management reporting, business performance, internal control and audit, etc. for 5S system which is based on layer management, to ensure the effective promotion of the Group's overall strategy. In terms of lean management of manufacturing capacity, CIMC has continuously constructed a lean ONE model based on the concept of "continuous improvement, never ending", and has entered marketing, product research and development and design, production preparation, supply chain management and other fields on both ends of the value chain, as well as financial profit planning, human resources and other fields from on-site production and manufacturing, with a focus on improvement of comprehensive indicators such as profit, quality, delivery, inventory and efficiency, and with a view to cultivating a team of talents with excellent operation skills for the Group.

CHAPTER III CHAIRMAN'S STATEMENT

3. Commence digitalization and intelligence to create new value

In 2019, the Group accelerated the transformation and upgrading of intelligent manufacturing. In terms of the integration of industrialization and informatization, the Group, taking "developing information technology by integration of industrialization and informatization" as one of its strategies, actively explored the integration of informatization and industrialization using new technologies such as Internet of Things, big data and artificial intelligence, and promptly replicated the platform capability to 10 enterprises of the Group on the basis of the 2018 pilot programs. In addition, it has built a number of new capabilities for intelligent manufacturing and green development, including "digital employee safety", "key techniques for water-based paint", "environmental monitoring", "robot management" and "predictive maintenance", etc., creating a new path for the Group to reducing material costs, improving production efficiency and being a production enterprise engaged in green and safe production. CIMC will accelerate the development of information technology by integration of industrialization and informatization through comprehensive deployment and pilot promotion, to gradually realize the transformation and upgrading of the manufacturing industry. As of the end of 2019, nine enterprises have obtained the national certification for the implementation of integration of industrialization and informatization management system, and the Group's "New Silk Road" ERP project is also steadily progressing.

4. Strengthen risk control management to support business development

The Group's risk control effort has been focused on the positioning of "serving strategy, supporting operation, and creating value for the Company". It has taken multiple measures simultaneously with major risk management as the main line to promote the construction of a comprehensive risk system step by step. In 2019, the Company focused on major risks, completed two major risk treatment projects in collaboration with the business segments, and put forward practical and more systematic solutions; started the "special program on quarterly audit summary" to strengthen the publicity and implementation of external risk control situation and self-examination of internal audit findings, preliminarily establishing the publicity, implementation and self-examination mechanism of "covering the edge in the horizontal direction, the end in the vertical direction"; put emphasis on the weak areas of risk control. It strengthened the research and development of risk control tools, issued a series of risk control guidelines on engineering/procurement/sales, and promoted front-line risk control training and work license. In addition, in order to establish a risk panorama, realize risk warning, introduce risk control highlights and risk profiling mechanism, and sway bodies at all levels to independent management of risk control, the Company systematically combed through the four-level risk database structure and developed an online risk control information platform.

CHAPTER III CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

As a member of corporate citizens under globalization and an outstanding listed company, CIMC shoulders the responsibility of "making more valuable contributions to building a moderately prosperous society in all respects and achieving sustainable development of the human society". Based on the harmonious and sustainable development of the economy, the environment and the society, CIMC pools together the efforts of all staff and relevant parties and actively undertakes social responsibilities.

During the previous year, CIMC was successfully included in the Hang Seng (China A) Corporate Sustainability Benchmark Index and maintained an MSCI ESG rating of BBB. It has obtained ten external awards for the work on social responsibilities and was recognized in the capital market and in the society. Meanwhile, the Group proactively improved the ESG&CSR report system and deepened the "Report-Promoting Management (以報告促管理)" approach. Leveraging on the reporting, it promoted green development and successfully built six national and provincial green factories, which continuously boosted sustainable development. It attached constant importance to the communication with stakeholders and held press briefings on ESG reports and ESG salons. It cooperated with external professional agencies conducting surveys on stakeholders, which covered 11 categories of stakeholders and recovered 2,234 questionnaires. It fully listened to appeals of stakeholders and established routine communication channels. CIMC advocated and encouraged subsidiaries to strengthen its efforts on the interaction with communities and conduct public welfare programs to promote the prosperity of communities. It actively participated in activities organized by industrial associations and made "CIMC voices" at four external summits on social responsibilities.

There is only the beginning without an end in seeking sustainable development. "Creating sustainable value for the society" has been the original aspiration and objective of CIMC staff. CIMC will unswervingly advance the strategy on sustainable development, seek high-quality development and play a leading role. It will begin with the end in mind, seize the day and live it to the full and make more efforts in returning our shareholders, stakeholders and all sectors of society. We believe that we will have bright prospects in the future of sustainable development.

Millions of people are concerned about the novel coronavirus pneumonia outbreak in early 2020. On the one hand, CIMC earnestly implemented national deployments to ensure scientific epidemic prevention and orderly work resumption across the Group. On the other hand, it vigorously supported the frontline of the battle against the epidemic. Leveraging on its professional advantages and the global resources integration ability, it provided quality products and services. CIMC Lengyun transported medical materials for the battle against the epidemic. CIMC Sanctum supported the guarantee of medical oxygen apparatus in Hubei. CIMC Logistics provided channel services on the domestic and overseas transportation of anti-epidemic materials for free and donated masks and containers.

The battle against the epidemic demonstrated the political character of CIMC staff in serving the overall interests and people, the fine conduct of struggling and hardworking as well as the great love with selfless sacrifice. We firmly believe that under the strong leadership of the CPC Central Committee, all people across the country and all CIMC staff will firm up confidence and struggle in solidarity. We will surely overcome the current crisis and win the complete victory of the fight against the epidemic.



CHAPTER III CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

In 2020, uncertainties in the internal and external environment continue to overlap and the domestic and overseas situations are experiencing profound and complicated changes. Currently, the pandemic triggered by the novel coronavirus is sweeping the globe and has become a material black swan event that may affect the global economic trend throughout 2020. We need to be fully aware of the highly complex and uncertain external situation this year, and with the attitude of being highly vigilant and prudent and on the basis of stabilizing the overall business scale, we will resolutely transform and upgrade the manufacturing industry and extend our exploration to high-end services, so as to maintain the overall stability and qualitative growth of the Group.

With manufacturing as the fundamental, the corporate mission of CIMC is to supply the logistics and energy industries with quality and reliable equipment and services, provide good returns for its shareholders and employees and create sustainable value for the society.

In 2020, CIMC will take "stabilizing operation to achieve quality growth" as its main tone to continuously put emphasis on two major industries: logistics and energy. Based on intelligent manufacturing, CIMC will focus on expanding a number of core industries and key customers to develop an integrated business model of "manufacturing + service + finance", thereby promoting the quality growth of the Group. Specific strategic development measures and organizational mechanism safeguards include:

The first is to deepen extraordinary operation, promote intelligent manufacturing and create champion products. To deepen extraordinary operation capability, CIMC will transform and upgrade the existing manufacturing business into an all-round "intelligent manufacturing", optimize resources and talents allocation to ensure CIMC's competitive advantage in manufacturing, and create more world class champion products, thus enhancing the profitability of the Group's manufacturing business.

The second is to provide comprehensive solutions to core industries through innovation of business model. CIMC will innovate business model based on customer needs, aiming at core industries and key customers such as cold chain, natural gas, railway, fire engines, military-civilian integration, to provide comprehensive solutions of "manufacturing + service + finance".

The third is to optimize industrial structure. CIMC will enhance capital allocation and operating efficiency by introducing strategic investors and other capital operations so as to improve asset quality and profitability; make full use of market-oriented means to transfer, divest and dispose, and clear up and withdraw from inefficient assets; and maintain dynamic changes in development, keep optimal growth rate and sprint possibilities, to constantly seek new possibilities in specialized development.

The fourth is to continuously advance enterprises' medium- and long-term capacity building. CIMC will rapidly respond to and meet the demands of customers in the market, consistently promote intelligent manufacturing, product upgrading and green development and enhance the core competitiveness of products and services. It will improve the efficiency in the basic operation of enterprises through the establishment of informatization systems, the ONE lean management system and the integration of industrialization and informatization. While boosting the operation and organization efficiency, it will prevent significant risks, make more efforts in the building of risk database and the promotion and application of results from pilot risk programs as well as carry on internal control and overall risk management. It will continue to advance the building of HSE systems within the Group and enterprises at all levels and strengthen HSE risks management and control to gradually improve green development.

Victory is ensured when people pool their strength; success is secured when people put their heads together. In the face of the novel coronavirus pneumonia outbreak in early 2020, the Group quickly responded at the first time, combated the epidemic with full efforts through various means and channels and actively performed corporate social responsibilities. While conducting epidemic prevention and control, the Group vigorously dealt with the possible effects of the epidemic on production and operation and strived to minimize the effects on the operation of the Company. In 2020, another decade begins, full of challenges and opportunities. We will continue to work hand in hand with all parties concerned, considering the situation and riding the momentum to deepen our business, and being realistic and pragmatic and braving the wind and waves to move forward with our dreams! I would like to express my gratitude to all shareholders, stakeholders and all walks of society who have been paying attention and support to CIMC!

Wang Hong
Chairman
Shenzhen, the PRC
March 2020

CHAPTER III
CHAIRMAN'S STATEMENT

MAIN BUSINESS SEGMENTS



CHAPTER IV

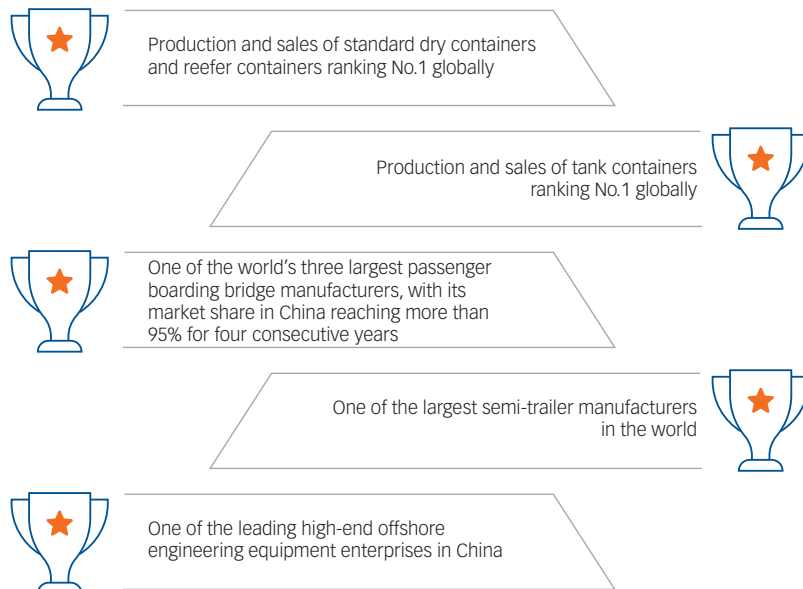
REPORT OF THE BOARD

I. BUSINESS SUMMARY

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

Currently, the Group is ranked No. 1 in the world in terms of production and sales of standard dry containers and reefer containers; according to statistics from the International Tank Container Organisation, the production and sales of tank containers is ranked No. 1 in the world; the Group is the top semi-trailer manufacturer in the world in terms of sales volumes; the Group's comprehensive competitiveness in boarding bridge business ranks among the world's leaders, as one of the world's three largest passenger boarding bridge manufacturers, and its market share in China has reached more than 95% for four consecutive years; and the Group is also one of the leading high-end offshore engineering equipment enterprises in China.

During the Reporting Period, there was no material change in the principal business model of the Group. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing business, road transportation vehicles business, energy, chemical and liquid food equipment business and logistics services business.



CHAPTER IV REPORT OF THE BOARD

II. REVIEW OF PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

1. Overview

In 2019, the US-China trade tension escalated and global economic and trading activities had been faced with various uncertainties. Under such complicated economic circumstance, the global economic growth rate dropped significantly, major economies experienced slower growth and emerging economies were under greater downturn pressure. The trade protectionism promoted by the US resulted in the slowdown of global economic growth and the weak global total demand in turn adversely impacted the economic growth of the world. In 2019, the economy of China maintained a generally stable and positive developing trend and the quality of development improved steadily.

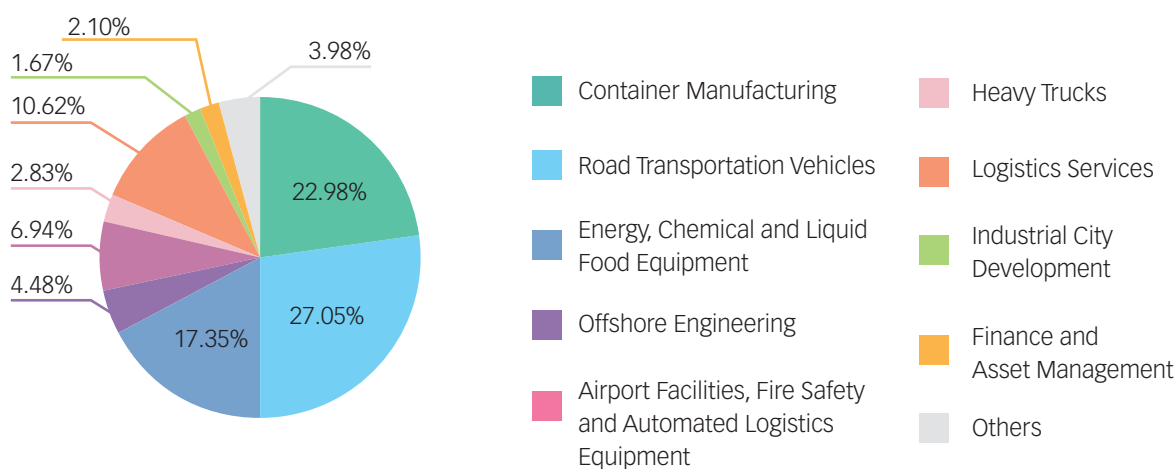
During the Reporting Period, the Group's revenue amounted to RMB85.815 billion (2018: RMB93.498 billion), representing a year-on-year decrease of 8.22%; the net profit attributable to Shareholders and other equity holders of the Company amounted to RMB1.542 billion (2018: RMB3.380 billion), representing a year-on-year decrease of 54.38%; and the basic earnings per share amounted to RMB0.37 (2018: RMB0.92), representing a year-on-year decrease of 59.78%. Among the principal businesses of the Group, energy, chemical and liquid food equipment business, offshore engineering business, airport facilities, fire safety and automated logistics equipment business and logistics services business achieved growth in their revenues; the revenue of the road transportation vehicles business, heavy trucks business and finance and asset management business remained relatively stable in revenue; and the container manufacturing business and industrial city development business saw a decline.

Consolidated Operating Results

Unit: RMB thousand

	2019	2018	Percentage change
Revenue	85,815,341	93,497,622	(8.22%)
Operating profit	5,838,747	6,477,005	(9.85%)
Net profit attributable to shareholders and other equity holders of the Company	1,542,226	3,380,436	(54.38%)
Net cash flows from operating activities	3,538,522	140,732	2414.37%
Net (decrease)/increase in cash and cash equivalents	(1,872,868)	5,089,896	(136.80%)

Proportion of revenue from each business segment of the Group in 2019



CHAPTER IV
REPORT OF THE BOARD

2. Review of Operations of Major Business Segments



The Group's container manufacturing business mainly consists of standard dry containers, reefer containers and special-purpose containers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special-purpose containers mainly include North American domestic 53-foot containers, European pallet wide containers, bulk containers, special-purpose reefer containers, flatracks and other products. During the Reporting Period, the Group remained No. 1 in the industry in terms of production and sales of containers.

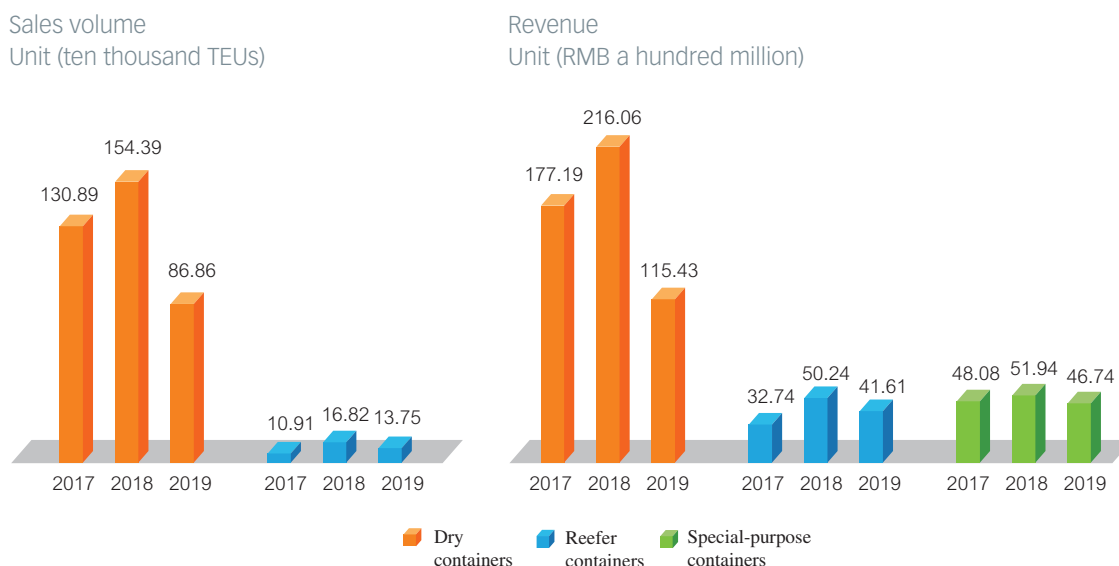
In 2019, the global economic growth had slowed substantially, and the growth rate of shipping volume fell to a low point in recent years. Exports made early under the impact of trade frictions in 2018 had partially overdrawn some of the shipping volume in 2019, which had also intensified the slowdown in container demand in 2019 to a considerable extent. Under the background of weak demand, the continued tension of Sino-US trade frictions and the new policy of "Sulfur Limitation Order" to be implemented by the IMO (International Maritime Organization) in 2020 have brought more uncertainty for the market. As such, customers were generally cautious and conservative, and the procurement demand for new containers in 2019 had weakened significantly as compared with 2018. As affected by the year-on-year decline in the prices of steel and other raw materials as well as intensifying market competition in the industry, the prices of new containers also fell as compared with the previous year. During the Reporting Period, container sales volume and revenue of the Group both declined significantly year-on-year.

CHAPTER IV
REPORT OF THE BOARD

In 2019, due to the slowing demand for container business, the Group’s accumulated sales of ordinary dry containers reached 898,600 TEUs (2018: 1,543,900 TEUs), representing a year-on-year decrease of 41.80%; the accumulated sales volume of reefer containers reached 137,500 TEUs (2018: 168,200 TEUs), representing a year-on-year decrease of 18.25%. The Group’s container manufacturing business recorded a revenue of RMB20.163 billion (2018: RMB31.536 billion), representing a year-on-year decrease of 36.06%; the net profit was RMB0.137 billion (2018: RMB1.891 billion), representing a year-on-year decrease of 92.75%; among which the sales revenue of ordinary dry containers contributed a sales revenue of RMB11.543 billion (2018: RMB21.606 billion), representing a year-on-year decrease of 46.58%; the sales revenue of reefer containers contributed a sales revenue of RMB4.161 billion (2018: RMB5.024 billion), representing a year-on-year decrease of 17.18%; special-purpose containers contributed a sales revenue of RMB4.674 billion (2018: RMB5.194 billion), representing a year-on-year decrease of 10.01%.

In 2019, orders for the Group’s container manufacturing business decreased following the significant decline in overall industry demand, and at the same time further affected by the industry’s supply-demand imbalance and intensified competition, the overall profitability level dropped significantly over the previous year. Facing the significant decline of the market, the Group actively responded for its container business. While ensuring a stable and rising market share, the Group strived to improve the profitability of its principal businesses, and vigorously expanded its new special-purpose containers business like railway containers, integrated equipment and modular buildings. At the same time, the Group still unswervingly continued to implement its innovative, upgrading and internal optimisation. The Group will increase its investment in various resources and plans to use 3 to 5 years to increase the level of intelligent container manufacturing and promote the informatization, digitalization, and green development of its production and operations. In terms of material investments, the Phase I production line of the new container plant project in Fenggang, Dongguan had been formally put into operation at the beginning of the year. The production line has set a new benchmark for the industry, which is equipped with leading technologies in the industry, and provided active explorations in green, environmental protection, health, and safety. The Phase II project of relocation and construction also commenced at the end of the year. Various tasks of the intelligent manufacturing and upgrading project for the container segment, namely after the “Longteng Plan” are being carried out in an intense and orderly manner, which will lay a solid foundation for the next leapfrogging development of the container industry.

Annual sales volume and sales revenue of container products from 2017 to 2019



CHAPTER IV
REPORT OF THE BOARDRoad Transportation
Vehicles Business

CIMC Vehicles, a subsidiary of the Group, is a top global semi-trailer manufacturer in terms of its sales volume, engaged in the manufacture and sales of seven main categories of semi-trailers in major global markets. Furthermore, CIMC Vehicles proactively carries out the manufacture of truck bodies for specialty vehicles and the sales of fully-assembled specialty vehicles in China. Meanwhile, CIMC Vehicles is also a China's leading manufacturer of refrigerated van bodies. Products of CIMC Vehicles include: 1) Global semi-trailer business includes skeletal container semi-trailers, flatbed trucks and their derivatives, curtain side semi-trailers, van semi-trailers, refrigerated semi-trailers, tank semi-trailers and other special types of semi-trailers; 2) China's truck bodies for specialty vehicles business includes the manufacture of urban muck truck bodies and cement mixer truck bodies and sales of fully-assembled vehicles; 3) The production of truck bodies and sales of fully-assembled trucks of refrigerated van business.

In 2019, the global economy gradually slowed down with the escalating of Sino-US trade frictions. The globalization tide that has been boosting the robust growth of CIMC Vehicles' global semi-trailer business has encountered strong headwinds for the first time. With regard to specialty vehicles in China, benefiting from the Chinese government's efforts to promote "environmental protection" and regulate "overload", the environmental-friendly urban muck truck bodies and light-weight durable cement mixers principally operated by CIMC Vehicles began to enter into a window period of development. As fresh food logistics is developing in China with the increasing proportion of service industry in GDP, refrigerated semi-trailer and refrigerated van business is entering a cycle of long-term growth. This trend will fundamentally increase the demand for refrigerated semi-trailers and refrigerated vans, and especially, the outbreak of African swine fever in 2019 has accelerated the growth.

In 2019, in respect of the road transportation vehicles business, 117,707 semi-trailers of various types were sold around the world, 46,267 urban muck truck and cement mixer truck bodies, and 4,455 refrigerated vans were sold in China. In 2019, the revenue from sales of road transportation vehicles was RMB23.335 billion (2018: RMB24.400 billion), representing a year-on-year decrease of 4.36%; the net profit realized was RMB1.303 billion (2018: RMB1.273 billion), representing a year-on-year increase of 2.36%.



Sale volume of all categories of semi-trailers in the world

117,707 units



Sale volume of truck bodies for specialty vehicles in China

46,267 units



Sale volume of refrigerated trailers in China

4,455 units

CHAPTER IV REPORT OF THE BOARD

As a leading semi-trailer enterprise in the world, CIMC Vehicles were directly affected by macro-economic situation and fluctuation of demand for semi-trailers in China, North America and Europe. Therefore, the Group lowered its sales expectation in the Chinese and North American markets in early 2019. In particular, in term of China's semi-trailer industry, the accelerated regulation over "over-limit and over-load" transportation by the Chinese government has increased the demand for the second generation of semi-trailers that meet the new national standard, enabling CIMC Vehicles to exceed its expectation; in term of North America's semi-trailer industry, the sales orders of skeletal container semi-trailers declined sharply due to the rising tariffs imposed in May 2019. However, the business performance of van semi-trailers which have been manufactured in North America for a long history was relatively stable. It is worth mentioning that as the impact of tariff hikes was fully controlled due to local manufacturing and local marketing of refrigerated semi-trailers, the revenue of refrigerated trucks in the North American market reached a record high; and in terms of European market, after five years of strategic integration, LAG, which has been focusing on the production and sales of tank semi-trailers, and has recorded profits for three consecutive years.

In terms of China's truck bodies for specialty vehicles business, CIMC Vehicles is a pioneer and technology leader in the domestic urban muck trucks commissioned converting business. Benefiting from local governments' vigorous promotion on environmental protection, revenue of environmentally friendly urban muck trucks manufactured by CIMC Vehicles leads in the industry due to the governance on the Overload transportation and powerful initiatives for promoting urban road transportation safety made by the government. In addition, the sales of mixer trucks manufactured by CIMC Vehicles have ranked first in China for three consecutive years.

The manufacture of truck bodies for refrigerated vans and sales of fully-assembled vehicles in China benefited from the rapid growth in demand for frozen food transportation and professional cold chain distribution for fresh cold food. Among them, CIMC Vehicles (Shandong) Co., Ltd., a subsidiary of CIMC Vehicles, absorbed the advanced technology of refrigerated trailers in North America, increased the production and sales of products that meet the transportation needs of frozen foods and fresh cold food, such as "cold fresh meat hanging refrigerated trucks." In addition, the refrigerated van truck factory in Zhenjiang, Jiangsu Province, was officially put into production in January 2019, and its products have been welcomed by professional customers in the Yangtze River Economic Belt and customers in Southeast Asia.

In terms of sales of semi-trailers and parts of specialty vehicles, as users become more concerned about total ownership cost mounted on semi-trailers and specialty vehicles, customers become more willing to use high-quality parts provided by CIMC Vehicles for maintenance. In addition, the global parts business is correlated to the total number of semi-trailers and specialty vehicles already sold. The larger the number, the more demand for parts for after-sales maintenance.

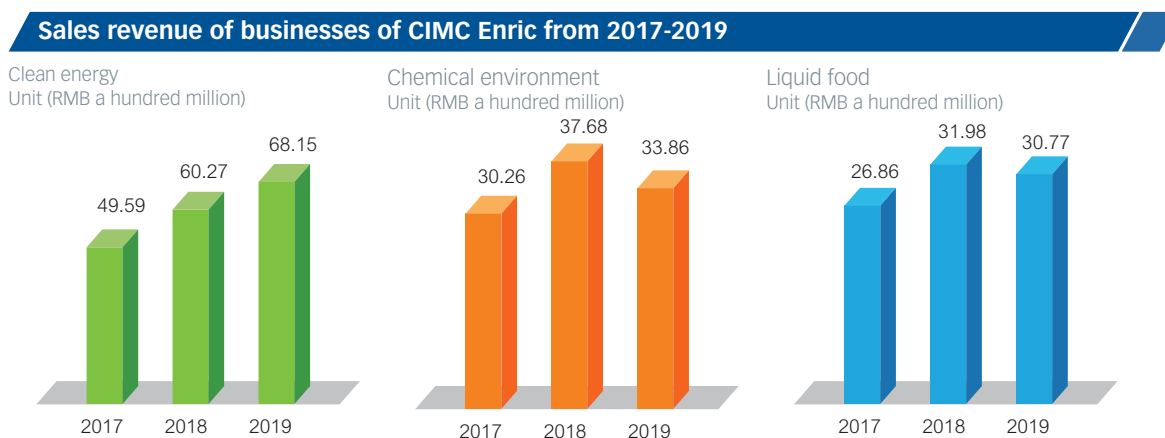
CHAPTER IV
REPORT OF THE BOARD**Energy, Chemical and
Liquid Food Equipment
Business**

The Group's energy, chemical and liquid food equipment business segment is principally engaged in the design, development, manufacturing, engineering, sales and operations of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. The energy and chemical equipment products and services of the Group are supplied across China and are exported to Southeast Asia, Europe, North America and South America; and from the Group's production base in Europe, its liquid food equipment products and services are offered worldwide. Meanwhile, the Group also provides a comprehensive range of services for the global oil and gas production and processing industry, specializing in large-scale complex Engineering Procurement Construction ("EPC") projects of low temperature systems and installations in energy and chemical industry. This business segment has established a business landscape featuring "the world's local CIMC (地方智慧·全球營運)" based on cooperation between its production bases located in China and Europe. The main operating entity is CIMC Enric.

In 2019, affected by factors such as the slowdown of the macroeconomic growth rate, the shift to gas-based "coal to gas" policy of, and the promotion and application of clean coal in the northern region, China's natural gas consumption has grown steadily and slowly. To ensure energy security, China is accelerating domestic natural gas production and ensuring natural gas supply capacity. At the same time, China's natural gas imports continued to grow rapidly in 2019, and the growth rate dropped to a stable level compared to 2018. China's natural gas supply, storage and marketing system has been advancing steadily, effectively alleviating the tight supply situation in winter 2019. In 2019, the state and local governments continued to promulgate a number of policies and regulations, effectively promoting the development of the upstream and downstream of natural gas industry. At the same time, a safer, more economical, more environmentally friendly and smarter green logistics model will be the general trend of the global chemical logistics industry, and the long-term prospects of tank containers are promising. Benefiting from factors such as stable population growth, the increasing prosperity of the global society, the improvement of people's living standards, and increased awareness of food safety and health, the liquid food industry has grown rapidly in recent years.

In 2019, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB15.075 billion (2018: RMB14.163 billion), representing a year-on-year increase of 6.44%. The net profit was RMB818 million (2018: RMB792 million), representing a year-on-year increase of 3.33%. The revenue from the clean energy business, one of the three main business segments of CIMC Enric under the Group, was RMB6.815 billion (2018: RMB6.027 billion), representing a year-on-year increase of 13.1%; the revenue from the chemical environment business was RMB3.386 billion (2018: RMB3.768 billion), representing a year-on-year decrease of 10.2%; and the revenue from the liquid food business was RMB3.077 billion (2018: RMB3.198 billion), representing a year-on-year decrease of 3.8%.

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Clean energy segment: As the only key equipment manufacturer and engineering service provider of natural gas with full industrial chain coverage in China, CIMC Enric is capable of providing one-stop systematic solutions. Its clean energy segment has the most comprehensive product portfolios and the most systematic solutions, and it has the highest market share in the niche fields of core equipment. In particular, the production and sales volumes of storage and transportation products such as LNG, LPG, CNG, oxygen, nitrogen and argon, were leading nationwide. In 2019, CIMC Enric responded to winter demand for supply with a full range of tank products, and continued to actively participate in the construction of domestic peak shaving reserve infrastructure. The Shenzhen Gas Reserve and peak shaving station, which was the general contractor of the engineering business, officially realized the first LNG loading and unloading in August 2019, and the two 160,000 m³ LNG storage tanks of the second phase of the Zhoushan terminal under construction were also raised at the end of 2019. As a new type of natural gas transportation and storage equipment, LNG tank container is suitable for highway, railway, water and multimodal transportation, and is one of the star products to be promoted in 2019. In terms of offshore liquefied gas transportation, CIMC Enric, as the world leader in small and medium-sized liquefied gas carrier market segments, has comprehensive product coverage and top global market share. In 2019, three LEG (Liquefied Ethylene Gas) ships were successfully delivered, and the world's largest LNG transportation and bunkering vessel will be built in early 2020. At the same time, the segment is also actively promoting the application of natural gas in the transportation field, the promotion of vehicles and marine equipment, and has certain achievements and breakthroughs in other clean energy markets such as hydrogen energy storage and transportation, refueling, nuclear fuel storage and transportation, liquefied petroleum gas storage and transportation, and refueling.

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Chemical environment segment: In 2019, the demand of the tank container industry has slowed down year-on-year, especially the overall market demand has shrunk sharply in the second half of the year. Even if the industry as a whole was under pressure, the chemical environment segment continued to maintain its leading position in the global market in the face of fierce market competition and challenge. In addition to designing, manufacturing and selling tank containers, this segment actively develops container aftermarket services and is committed to creating full lifecycle services for tank containers. In 2019, this segment established a tank container service company to operate a yard in Jiaxing, Zhejiang Province; acquired a German service company to operate two yards in Germany. The new yards will build a “China-Europe Interaction” service network together with the existing Burg Service B.V. service company network in Netherlands to further consolidate the global layout. In addition, this segment also actively promoted the application of the Internet of Things to tank containers, and exclusively designed a full life cycle monitoring, management and service platform for tank containers. In terms of new environmental business, this segment completed the construction of the first comprehensive hazardous waste utilization project within the year, focused on the research and development of comprehensive utilization of solid waste resources in mining tailings and stone processing industries, and provided new ecological functional building materials products for industries such as prefabricated construction, rail transit, engineering decoration.

Liquid food segment: The liquid food segment has three well-known brands, namely “Ziemann Holvrieka”, “Briggs” and “DME” (Diversified Metal Engineering). It is one of the world’s largest manufacturers of canned products and processing equipment. Its manufacturing business covers all over China and Europe. It plans to continue to increase production capacity in China and drive growth in global markets such as Southeast Asia. In 2019, the liquid food segment’s core competitive advantage in commissioned businesses such as large industrial breweries and bars installations and other industries and automated system update processes has been further demonstrated in Latin America. After successfully integrating DME, it developed the Asian craft beer business and achieve full value chain coverage from small breweries to large international/multinational breweries. At the same time, this segment is also actively exploring new business areas, successfully exploring new businesses such as rice wine and pharmaceuticals, and achieving diversified development.

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Under CIMC Raffles, a subsidiary of the Group, there are 4 research and development and design companies, 3 construction bases and 3 operation and management companies. CIMC Raffles operates under an integrated operating model covering design, procurement, manufacturing, construction, commission and operation, and possesses the capability of mass and industrialised construction of high-end offshore engineering equipment and other special vessels under EPC model. CIMC Raffles is one of the leading EPC contractors of high-end offshore engineering equipment manufacturing in China and has always participated in international competition in the offshore engineering market. Its major activities include the design and construction of semi-submersible drilling platforms, semi-submersible accommodation platforms, jack-up drilling platforms, jack-up accommodation platforms, FPSO, liftboats, crane vessels, fall pipe vessels, offshore support vessels (OSV), ocean tugs, mid-to-high-end yachts and other vessels with its products covering a majority of offshore engineering products.

In 2019, the international price of oil picked up first and then fell overall. As affected by geopolitical tensions, there had been a large shock, but the overall trend was still oversupplied. With the development of renewable energy and natural gas energy, the world's energy structure was changing, but in the short term it would still not be able to have a major impact on oil prices, and oil would continue to play a major role in energy.

During the Reporting Period, as new orders for offshore engineering entered the construction period, the Group's offshore engineering business revenue was RMB4.517 billion (2018: RMB2.434 billion), representing a year-on-year increase of 85.59%. Net loss was RMB1.285 billion (2018: net loss was RMB3.449 billion), representing a year-on-year decrease in net loss of 62.74%, which was mainly due to the provision made for the impairment of jack-up drilling platform in the corresponding period last year.

In 2019, the price of oil slowly climbed up, but it was still under pressure. It was expected that the demand for new drilling rigs will remain limited, and there would be more market opportunities in the non-oil and gas industry. As such, CIMC Raffles actively promoted its business transformation and layout, extending related diversified businesses with the oil and gas industry as its core, established an industrial structure with high technology that calms industrial fluctuation cycles, and formed a 50:50 business portfolio for oil and gas and non-oil and gas. Among which, drilling business: continued to maintain its leading position and market share in the industry; FPSO business: formed EPC comprehensive capabilities, and the module business consolidated EPC capabilities; deep-sea and offshore fishery and sea tourism and wind power business: formed its unique business model; RORO/ROPAX Ro-Ro ship business: built the complete EPC capabilities to achieve a breakthrough in its core capabilities such as front-end design and decoration capabilities; technical services: accelerated development of the service business such as service delivery.

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In respect of platform construction and delivery: Seven new projects were commenced in 2019, totalling US\$360 million. Of which, the piling style rescue and salvage vessel project was commenced in April, the Antarctic krill transport vessel was commenced in September, and the BP life service platform and Petrobras GTG generator module were commenced in December, realising the development of FPSO from “hull construction” to “core module”. In May, it delivered and operated the first long-bottomed deep-sea aquaculture cage “Long Whale No. 1” (長鯨一號). In December, it delivered the FPSO hull construction project to Petrobras, the international mainstream customer, on time and quality, marking its transformation and development of the new offshore engineering field following its the drilling platform business.

In respect of new orders: CIMC Raffles accelerated the layout of non-traditional oil and gas industries. As of the end of 2019, there were 15 orders under construction at a contract price of US\$900 million, of which new orders in 2019 amounted to US\$380 million. CIMC Raffles signed the world’s largest ice-class dual-role RORO order with a value of US\$150 million with Wallenius SOL, a Swedish shipping giant, in April; for oil and gas, CIMC Raffles signed the orders for the BP jack-up living platform, Lingshui FPU floating production platform, and Petrobras GTG generator modules, totalling US\$170 million; other types of orders amounted to US\$60 million. For asset operation: CIMC Raffles had accumulated a total of 17 projects in hand. As of the end of 2019, leases for 11 projects had been entered into, of which 7 new operating leases for platforms were added in 2019, valuing at US\$425 million. In April, the deep-water semi-submersible drilling platform D90 1 # commenced its lease to CNOOC. In November, the semi-submersible drilling platform GM4-D 2 # its lease to Norwegian Neptune. During the same period, the semi-submersible drilling platform D90 2 # commenced its lease for South China Sea combustible ice. The two jack-up rigs JU2000E commenced its lease in Mexico Bay.

In respect of research and development: Bassoe Technology, Brevik Engineering, Ocean Engineering Design & Research Institute of CIMC and CIMC Marine Engineering Academe Co., Ltd., being the four research and development centers under the Group located in Sweden, Norway, Shanghai and Yantai respectively, have their own national-level offshore oil drilling platform research and development centers and national-level engineering laboratories for general assembly research and development in offshore engineering. Led by research and development technology, such centers integrated the technical resources in the industry to drive the reserve and upgrading of the industrial core technology. Currently, the design capability and capacity for drilling platform, drilling vessel, FPSO and the cruise ships have been put in place providing a full range of services from front-end design, basic design, and detailed design to production design.

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The year of 2019 is a milestone year in the history of CIMC-TianDa under the Group. Upon the completion of the acquisition of 60% equity interest in Ziegler, the management structure and the equity structure were ultimately unified. The Group's airport facilities, fire safety and automated logistics equipment business principally includes airport facilities equipment business (including Ground Support Equipment ("GSE") business), fire and rescue vehicle business, automated logistics systems business and smart parking business.

During 2019, the operating results of Group's airport facilities, fire safety and automated logistics equipment business has achieved continuously qualitative growth with each indicator hitting new heights. It achieved revenue of RMB5.962 billion (2018: RMB4.671 billion), representing an increase of 27.64% as compared with last year and achieved net profit of RMB253 million (2018: RMB193 million), representing an increase of 31.30% as compared with last year, which was mainly due to the increase of revenue from airport facilities equipment business and the acquisition of Shanghai Jindun and Shenyang Jietong.

- (1) The airport facilities equipment business: the airport facilities equipment business continues to maintain its absolute leading position in the global industry. The world's first unmanned intelligent boarding bridges was put into trial in the airport of the Netherlands to promote the intelligentization of airports in the global, and helped Beijing Daxing International Airport officially put into operation to demonstrate the world champion product quality. With the development of the global aviation industry, the demand for the airport facilities equipment increased as a result of expansion of airports in various regions due to increased passenger traffic. The Group's new orders for the boarding bridges during this year increased as compared with the same period of last year. The domestic boarding bridge successively won orders of more than RMB800 million from Shenzhen, Chengdu and Kunming, of which the order for the boarding bridges and aircraft air conditioners of RMB518.5 million from Chengdu Tianfu International Airport was the single largest order that CIMC-TianDa has ever obtained in its history. The amounts of orders for on-bridge air conditioners have also reached a new high and CIMC-TianDa has ranked first in China in terms of the amount of such orders, which is another successful example of CIMC-TianDa in its business strategy layout. By the end of 2019, good news has been brought to us from Frankfurt in Germany and Serbia regarding successively bidding for orders of total approximately RMB200 million for the two airports in Europe, of which the contract value of the orders from Frankfurt Airport in Germany amounted to approximately RMB152 million, representing the largest purchase order of boarding bridges for German airports in recent decade. The technology and quality of CIMC has once again obtained the highest recognition in the industry. In order to improve the production and service delivery efficiency of the boarding bridges, the Group has subcontracted the production of some of the fixed bridges, increased the recruitment of installation engineers and subcontracted some installation projects, and further continuously strengthened the communication with customers, accelerated the acceptance of

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the boarding bridges and the recognition of relevant revenue and profits. In terms of the Group's GSE business, our shuttle buses continued to maintain its leading position in the industry. In response to global concerns about environmental protection, the Group is developing different electric and energy-saving specialty vehicles in addition to electric shuttle buses to maintain its leading position in the industry. In addition, we have also made great efforts to develop and promote on-bridge air conditioning equipment to help different airports to achieve energy conservation and emission reduction by replacing oil with electricity and become one of important members of "green airport".

- (2) The fire and rescue vehicle business: upon the successively completion of acquisition of equity interest in Shanghai Jindun, Shenyang Jietong, and in Ziegler, CIMC-TianDa has become the largest domestic fire truck group, and its strategic layout has been further improved, strengthening a solid foundation to step into the industry champion. On the 2019 Beijing international fire exhibition, several fire truck enterprises under CIMC-TianDa participated in the exhibition jointly, showing their strength, image and development goals to the industry, and becoming the highlight of the exhibition. The main market of Shanghai Jindun covers the Yangtze River Delta and the southeast coastal region, and Shenyang Jietong's products can basically reach various major markets throughout the country with its advantages in aerial lift truck independently researched and developed and produced by itself. Ziegler is a well-known enterprise with comprehensive strength in the forefront of the global industry. The profit contribution from the three enterprises was the main reason for the growth of the fire truck business during this year. During this year, the Group also carried out a modular mobile fire stations business. After the government institutional reform in 2018, it formally becomes one of the important functions of the local governments that the fire department at all levels included in fire and rescue bureau of the Ministry of Emergency Management, taking the fire prevention, firefighting and rescue work. Such business is under well development and is expected to be the main drivers of the Group's business growth.
- (3) The automated logistics systems business: the Group continued to increase its market share in the industries in which it has a competitive edge with a significant increase in the contract amount of individual project, and the general operation and synergy effect has commenced to present. We have continued to make breakthroughs in major markets, and successfully bid for an order of RMB360 million for state-owned airport baggage system in India, becoming the largest airport baggage equipment integrator in India.
- (4) The smart parking equipment business: the Group successfully bid for stereo e-bus terminal station and terminal project which is the first global initiative in Shenzhen.

In terms of external honors and recognition, the Group's boarding bridge was selected as Simon's hidden champion products, Ziegler was selected as Simon's hidden champion enterprises.

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The Group operates the heavy trucks business through its subsidiary C&C Trucks. C&C Trucks positions its main products in the mid-to-high end heavy truck market with the product development strategy of “leading domestic techniques and following foreign techniques” and the business development strategy of “making high-end products, providing quality services, and creating first-class brands”. Its key products cover two categories, namely diesel and natural gas, and four series, namely tractors, mixer trucks, dump trucks, cargo trucks and special-use vehicles.

As effected by various favourable factors such as the recovery of infrastructure investment, the elimination of automobiles with the national III emission standard, the rapid development of new energy logistics vehicles, and launching of stricter regulation on overloading, domestically, the total sales volume of the heavy truck in 2019 exceeding one million units for three consecutive years.

C&C Trucks received orders for 10,008 vehicles and sold 8,526 vehicles in 2019 (2018: accumulated actual sales volume was 8,333 vehicles), representing a year-on-year increase of 2.32%. During the Reporting Period, C&C Trucks recorded a sales revenue of RMB2.549 billion (2018: RMB2.488 billion), representing a year-on-year increase of 2.45%.

In 2019, C&C Trucks achieved better results in focusing on channels, integrating resources and cultivating dealers. With launching of the new model U+ truck, its brand influence was constantly enhanced; all-encompassing services was promoted comprehensively, and customer satisfaction was greatly improved.

CHAPTER IV
REPORT OF THE BOARD**Logistics Services
Business**

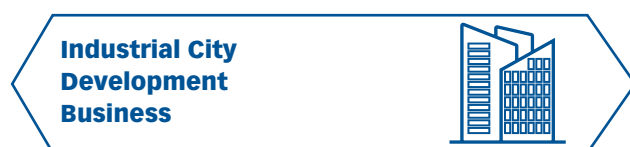
In the logistics services business, the Group has mainly focused on the passage network layout of major domestic seaports, Yangtze River ports, railway central stations and major international routes to build a comprehensive development model combining containers, goods and yards with railway stations as the foundation, equipment as the support, and the cargo control as its core. By carrying out equipment leasing and selling business, station operation business, freight services business, as well as ecological support business such as shipping agency, customs declaration, barge and fleet service, the Group are committed to becoming the leader characterising with “equipment + service” in multimodal transport industry in the PRC.

In 2019, as affected by the changes in the international trade and industrial environment, on the one hand, the growth rate of the overall logistics market slowed down, on the other hand, there was emerging opportunities in the railway-based domestic multimodal transport, and development potential of overseas markets such as Southeast Asia has become attractive. Customers have paid more attention to professional logistics services and integrated node resources, and puts higher requirements on the ability of logistics providers, so the linkages between warehousing and goods control, and informatization and LCL (less than a container load) have generated some changes in the industry competition.

During the Reporting Period, the Group’s logistics services business recorded a sales revenue of RMB9.157 billion (2018: RMB8.628 billion), representing a year-on-year increase of 6.13%; net profit was RMB110 million (2018: RMB158 million), representing a year-on-year decrease of 30.00%. Decrease in the net profit was mainly due to the impairment provision of long-term equity investment for an associate, Jiahua Shipping.

In 2019, the development of the Group’s logistics services business continued to progress steadily: the container operations continued to remain the first ranking in the PRC, multimodal transport of self-contained containers exceeded 30,000 TEUs, and cold-chain transportation of imported fruits was developed steadily; stationed at 15 railway stations and repair stations, opened and operated 15 international/domestic trains, with a total volume of 25,000 TEUs, and innovatively realised the new import channel of the rail-water intermodal transport of “bulk grain into Sichuan” and “non-containerised to container” (that is, the original bulk cargo packing into containers for transportation); assisted the largest cutter suction dredger in Asia, namely “Tiankun”, to smoothly make its first overseas voyage, and helped the FPSO P70 with the largest tonnage in the world be successfully loaded and delivered. The Group also strengthened in-depth cooperation with shipping companies and implemented a strategic cooperation yard project with CMA CGM in Tianjin.

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The Group's industrial city development business is operated mainly through its controlled subsidiary CIMC Skyspace Real Estate and its subsidiaries. The principal activities include the development of complexes in industrial cities and development and operation of industrial parks, etc.

In 2019, the domestic economic growth deaccelerated. The central government further focused on the financial risks in the property market and upheld the principle of developing the property market for the purpose of satisfying the housing demand of the people instead of as a short-term economic stimulus. The industrial policies of China focused on core city belt including Guangdong-Hong Kong-Macau Greater Bay Area and Yangtze River Delta, and the differences in city belt development mainly in relation to regional coordination and regional investment structure became prominent. Major cities in the regions have successively introduced guiding policies on the use of industrial land to further clarify the business development direction for the use of industrial land and industrial property. Industrial property businesses under traditional sales concept were declining and corporates with industrial operating capabilities were becoming the pillars of the market and actively occupying areas with first move advantage. As a result, industrial park assets in cities were presenting more notable financialization trend.

In 2019, the Group's real estate development business sold 503,000 square meters (2018: 336,000 square meters) of floor area, realizing a revenue of RMB1.436 billion (2018: RMB2.893 billion), representing a year-on-year decrease of 50.37%, and net profit of RMB806 million (2018: RMB564 million), representing a year-on-year increase of 42.99%, which was mainly due to the government grants obtained and income from disposal of the interests in Yangzhou Jizhi.

During the Reporting Period, the industrial city development business developed smoothly, with the resources mainly allocated to two core areas, namely, the Guangdong-Hong Kong-Macau Greater Bay Area with Shenzhen as the core and Yangtze River Delta with Shanghai-Yangzhou as the core forming a regional layout covering two core points and one line. In 2019, the land use right transfer contracts in respect of the land parcels of T102-0289 and T102-0290 of CIMC Skyspace Real Estate's Qianhai pre-initiation project (first phase) in Shenzhen were entered into, and the development and construction of the project was in smooth progress. Equity transfer registration in respect of the cooperation transaction with Country Garden in relation to Prince Bay project has been completed and related work proceed smoothly. The Low-orbit Satellite IoT Industrial Park Project in Guangming New Zone of Shenzhen and the Meilan Lake Project in Shanghai were under orderly progress. In 2019, CIMC Skyspace Real Estate continued to explore new business opportunities and obtained new projects including Yangzhou Jiangguang Science and Technology Innovation Financial Center Project, 225 Mu Commercial and Residential Project in Jiangdu District, Yangzhou, Shunde Military-civilian Integration Industrial Project and Guangzhou Panyu Yayun Avenue Industrial Project.

CHAPTER IV
REPORT OF THE BOARD**Finance and Asset
Management
Business**

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

In 2019, the state emphasized on the policy of "stabilizing financial market" and continued to implement and maintain prudent while moderately loose monetary policy. Impact by factors such as the slowdown of domestic economic growth and tightening policies in respect of finance lease regulation, the growth rate of domestic finance lease industry dropping continuously. The central bank expressed its stance of supporting the development of real economy and lowering long-term interest rate, and optimized the formation mechanism of Loan Prime Rate to lower the interest rate for the real economy. The central bank lowered the reserve requirement ratio for three times. As a result, the financing environment for the real economy improved and the market interest rate was maintained at a low level.

In 2019, the Group's finance and asset management business achieved revenue of RMB2.213 billion (2018: RMB2.092 billion), representing a year-on-year increase of 5.76%, and net loss of RMB5.118 billion (2018: net profit of RMB0.557 billion), representing a year-on-year decrease of 1018.38%, which was mainly attributable to the provision made for the impairment of semi-submersible drilling platform of RMB5.03 billion by offshore engineering asset management platform companies during the current year, after adjusting the cash flow forecast based on the level of rentals from lease agreements currently in force.

In 2019, adhering to the strategic positioning of the "integration of industry and finance" (產融協同), CIMC Financial Leasing Company focused on the Group's principal business and through specialized subsidiary operating model enhanced the operational and financial synergies with each business segment of the Group, in order to further optimize its business layout and asset portfolio, improve the quality of customer base and assets, explore emerging business opportunities which were related with the Group's existing business and were with weak cyclicity and low risk. At the meantime, CIMC Financial Leasing Company continued to improve and optimize the comprehensive risk management system and adhered to the strategy of "quality first, strict risk control", and strengthened the risk management and control for all employees and throughout the whole process. For the year, the investment in new businesses remained healthy, business portfolio was under continuous optimization, and the overall business development was in sound and stable condition. In 2019, CIMC Financial Leasing Company recorded an additional business investment in financial leasing of approximately RMB5.457 billion (the corresponding period of the last year: RMB5.744 billion) and was awarded "China Financial Leasing Company of the Year" again.

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In 2019, CIMC Finance Company further enhanced the centralized management of the funds of the Group, and has obtained relevant licenses to carry out centralized operation and management of cross-border capital and to operate two cross-border channels including centralized cross-border capital operation and cross-border bilateral RMB cash pooling, realizing cross-border capital centralization and allocation covering all currencies for the Group, its business segments and members. CIMC Finance Company further enhanced the capital centralization effect and prepared special financial service plan taking into consideration specific industrial development characteristics. For the year, CIMC Finance Company's new capital input amounted to RMB15.45 billion in total, representing an increase of 10.75% year on year, which effectively provided financial supports for industrial development and improved the efficiency and return of the Group's fund utilization. CIMC Finance Company further expanded its buyer credit business, providing financial supports for the Group's customers in the industry chain, facilitating the members to expand sales and enabling customers in the industry chain to realize healthy development, which has improved the Group's competitive strengths in the industry.

In 2019, for the purpose of the unified arrangement and management on storage of offshore engineering assets of the Group, the Group set up offshore engineering asset management platform companies to be incorporated into the finance and asset management business, which is mainly responsible for operation and management of the Group's offshore engineering platforms and is conducive to the future marketing of storage offshore engineering platforms, bringing cooperation with external strategic partners and potential capitals. In 2019, influenced by the stagnant market, the Group made impairment provision for offshore engineering platforms of RMB5.03 billion.



Modular Building Business

CIMC Modular, a subsidiary of the Group, is engaged in the modular building business, and has formed a one-stop service model of "manufacturing + financing + service" with the integration of industry and finance.

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Overseas markets: In 2019, the Group's modular building business expanded into developed countries and regions, such as the United Kingdom, Australia, New Zealand, the United States and northern Europe. Our cooperative relationship with the world-renowned group in the UK was further improved. The said group's brand hotels delivered by CIMC Modular successfully commenced operation, and the brand projects of its chain hotels were signed. In October, we attended the largest construction trade fair in the UK and won the "Best Exhibitor Marketing Award" (最佳參展商市場營銷獎). Progress has been made in promoting access to the private housing market with local UK construction authorities. The first high-rise hotel project applied factory-preinstalled full-curtain in the Australian market was officially opened. Following the successful delivery of the first government public safety service facilities project in the New Zealand market, two more projects of the same type were delivered this year. After the successful delivery of the first project in the US market, we signed a contract with a well-known hotel group and entered into strategic cooperation agreements with well-known real estate development companies to jointly develop the American market. Our first hotel project was successfully delivered to Iceland, officially opened the Nordic market, and formed a strategic cooperative relationship with a well-known Norwegian group, realizing the first batch order signing in the Norwegian market.

Mainland China market: In 2019, CIMC Modular actively responded to the demands of China's building assembly industrial policy to grasp the opportunities arising from the construction of the cloud data center during "5G" era, established strategic partnership with well-known technology group, and cloud data center with great potential based on modular building has successfully completed multiple projects, seized the initiative at home and abroad market. Simultaneously, we actively explored the promotion and application in two new fields including school and visitor center, and achieved project signing.

Hong Kong market in China: Modular building technology is highly valued by the Hong Kong government. The senior staff of the HKSAR visited and inspected our modular products and factories in person. Hong Kong government and relevant building management organizations and associations have organized groups to visit and study there for many times, and given high praise to us. In the face of market requirements that are different from those in other parts of China in terms of system standards and technology access requirements, we delivered the first batch of modules for the first permanent high-rise and high-end talent apartment project in Hong Kong, which has marked a solid step forward for the Group in the Guangdong-Hong Kong-Macao Greater Bay Area.

In addition, CIMC Modular participated in the construction of the Xiong'an Citizen Service Center project and won the Luban Prize. The "Box Steel Structure Integration Modular Building Technology Procedures" chief-edited by us was approved to be published to provide standards for the industry. The continuous improvement of qualification in domestic market will further promote the development of modularization in China and "Belt and Road" market.

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Multimodal Transport Business

In 2019, continuously guided by the strategic thinking of “procuring equipment, building channels, entering stations, and establishing platforms” (上裝備、建通道、進場站、搭平台), CIMC Multimodal Transport Development Co., Ltd. has made great progress on various initiatives. In terms of the equipment, coil steel containerisation transportation plan was reviewed and approved by the rail bureau, while the integrated transportation and packaging business was carried out through the small and medium-size packaging tools. In terms of the network layout, the network layout of road-rail transport covered 11 railway bureaus, and the container freight volume through the rail exceeded 40,000 TEU with the bulk materials of exceeding 200,000 tonnes and more than 10,000 trips through roads. In terms of the entering stations, it has contracted one rail entering station in the southern part of China. In terms of establishing platforms, CIMC Youpin (中集優拼) platform are under stable operation, through which data-based operation of the original road-rail transport business was achieved and the LCL business was also expanded. In 2019, while continuously expanding the network layout, it also improved its internal management, optimised the operation and solidified the capacity, thereby obtaining the Business License for Ship Management Operation in China 《國內船舶管理業務經營許可證》 and being awarded Shenzhen Major Logistics Enterprises.

Major Projects

In 2019, CIMC entered into the Qianhai Land Preparation Agreement and land contracts for replacement land through multiple rounds of consultation and negotiation with government departments, leading to the land conversion from industrial land to commercial land, and increasing the Group’s net profit after tax of RMB6.69 billion.

III. FUTURE DEVELOPMENT AND OUTLOOK

1. Macroeconomic Environment and Policies

In 2020, the international economic situation will remain complex and grim, and the outlook is still not optimistic. The global economic recovery faces challenges, and growth prospects depend on reducing trade disputes and policy uncertainty. At the beginning of 2020, the global spread of the novel coronavirus epidemic will likely cause the global economic growth to decline, and the decline in external demand will also affect the China’s economy.

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2. Industry Development Trend and Market Outlook

In respect of the container manufacturing business: According to the latest prediction made by CLARKSON (a leading global industry analyst), the growth of global container trade reached 2.0% in 2019 and is expected to rise to 2.4% in 2020, but remained at a lower level. The growth of shipping capacity is expected to further decline to 3.0% in 2020 after it was decreased to 3.7% in 2019. The scissors difference of the market supply and demand has narrowed. It is estimated that the annual demand for container in 2020 will rise compared with that in 2019. However, due to enhanced effect of the novel coronavirus pneumonia epidemic on the global economy and trade, there are many uncertainties on container trading business in 2020 with containers demand facing a risk of dropping or even shrinking during the year.

In respect of the road transportation vehicles business: The outbreak of the novel coronavirus pneumonia epidemic in early 2020 has a greater impact on the global economy. There is still uncertainty in the negotiation of the Economic and Trade Agreement between China and US. European semi-trailer demand has entered a cyclical downward adjustment. And China's transportation has entered a period of "upgrading and replacement". The Chinese government's efforts on regulating overloading have made the "upgrading and replacement" of China's semi-trailers change from part to whole. With the implementation of the new national standard for the second generation of semi-trailers in 2020, China's flatbed semi-trailers and fence semi-trailers are expected to be replaced by van semi-trailers and curtain side semi-trailers. In addition, the demand for refrigerated semi-trailers for long-distance cold chain transportation in China will also increase, and large-scale refrigerated vans in China will completely replace illegally converted second-hand marine refrigerated containers; during the outbreak of the novel coronavirus pneumonia epidemic, the demand for home-delivery of fresh food has spurred the demand for refrigerated vans. After the novel coronavirus pneumonia epidemic, the large-scale infrastructure projects that may be launched in various places will spur the demand for standard urban muck trucks and standard cement mixer trucks in the medium term.

In respect of the energy, chemical and liquid food equipment business: The year of 2020 is the last year of "Three-Year Action Plan to Win the Battle for a Blue Sky" (《打赢蓝天保卫战三年行动计划》), and the domestic environmental protection policies will strongly drive the growth of natural gas demand in China. In terms of the clean energy segment, it will actively integrate the resources advantage, adopt differentiation competitive strategy, in collaboration with industry leading companies for new growth opportunities, at the same time, will further integrate overseas energy business, and increase the investment in resources in the field of clean energy, particularly in the new business chain fields, such as the application of in nuclear energy and hydrogen energy as well as other clean energy reserves. In terms of the chemical environment segment, the markets in developed countries in Europe and the United States currently have reached a stage of steady growth. The demand for tank containers in emerging markets will gradually increase due to the replacement and upgrading of traditional transportation methods in the local chemical industry, and the greater attention to the safe, green and efficient transportation of dangerous cargos, which in turn will promote the growth of the global tank containers market to an extent. In terms of the liquid food segment, it will focus on the existing market to expand the existing business, launch innovative products and services, improve the business positioning, make use of the existing equipment and services and actively explore new business opportunities, striving to maintain continuous growth in the future.

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In respect of the offshore engineering business: Looking into 2020, under the background of the Novel Coronavirus Disease and a significant drop in oil price across the world, there is an increasing downside risk of global economy and the recovery of offshore engineering business falls into being stagnant. In the long run, global supply imbalance only exists temporarily, and production platforms and modules are still the most practical core demand of oil and gas market, after taking into account of cyclicity of offshore engineering market.

In respect of the airport facilities, fire safety and automated logistics equipment business: (1) The airport facilities equipment business: It is expected that the COVID-19 epidemic will exert a material impact on the global aviation business in 2020 and cause a lagging influence on the demand for airport ground support vehicles to some extent. However, with alleviation of the COVID-19 epidemic and implementation of stimulus policies by government, the overall demand for airport facilities in the market will remain strong, and in the meanwhile, there is a vast market for the whole-life cycle management of the business. In addition, there is a large market space for the lifecycle management of products. (2) The fire and rescue vehicle business: With the rapid development of urban construction in the PRC, there are high potential risks of sudden safety incidents such as fire and rescue in the cities. However, in contrast to the high potential risks of sudden safety incidents such as fire and rescue in the cities, the fire officers are seriously inadequate and urban and rural public fire facilities have large shortfall, which lag behind the economic and social development. After the government institutional reform in 2018, it formally becomes one of the functions of the local governments that the fire department at all levels included in fire and rescue bureau of the Ministry of Emergency Management, taking the fire prevention, firefighting and rescue work. Therefore, from the view of the right and responsibility, it promotes the local government to be active in the construction of urban fire station and to strengthen the responsibility to invest more in the fire and disaster relief public facilities, which is conducive to the development of the fire safety business. (3) The automated logistics systems business: The scale expansion of airports and the continuous development of e-commerce business are beneficial to the development of automated logistics business. (4) The smart parking business: Under the strategy of “giving priority to public transport” (公交優先) and greatly increasing the intensive use of land in urbanization development advocated by the government, the Group’s self-developed and initially innovated “mechanical intelligent multi-storey bus parking garage” (機械式智能公交立體停車庫) in the industry are expected to have great advantages.

In respect of the heavy trucks business: In 2020, the upgrading of social consumption and the stability of infrastructure investment will lay the foundation for the demand for heavy trucks, and the implementation of regulations governing vehicle overload, vehicle overspeed, environmental protection, and right of way will bring new growth potential. In the market environment of steady growth of infrastructure investment, elimination of GB III vehicles, replacement of port tractors, and benefited from the driving force and stimulus of favorable factors and policies, such as the accelerated growth of demand for legal and compliant vehicles, the increase in the proportion of natural gas-powered vehicles, lightweight and large-capacity design trend of vehicles encouraged by the tolling policy based on the number of axles, the demand for heavy truck in 2020 is expected to continue to exceed 1 million vehicles and will continuously maintain at a high level.

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In respect of the logistics services business: In 2020, it is expected that the state will continue to shore up domestic trade, actively promote multimodal transport and railway reform, and gradually release railway freight capacity. Meanwhile, as international passageways to the sea, including Sino-European, Sino-Russian and Sino-Asian freight trains, and new land and marine routes for western regions, railways will bring good opportunities for the development of railway-related logistics business. The transfer of domestic production capacity will highlight the market position of Southeast Asia. With the rapid economic growth in Southeast Asian countries, the demand for logistics services will continue to remain at a high level. However, in light of the unfavourable global economic environment, and increasing business development costs, uncertainties in logistics services will still exist.

In respect of the industrial city development business: In 2020, with the development of emerging industries and the transformation and upgrading of traditional industries, disruptive innovation and productivity improvement will become the core driving force of China's GDP growth. As a spatial form to proceed and promote industrial development, industrial parks have huge market demand, and the integrated and coordinated development of industry and city will be a key exploration direction for future regional development. Industry is the core driver of the industry-city integration project. With the development of the industrial park industry returning to the nature of the industry, industrial operation services will become the core competitiveness of the enterprise and will promote the industrial upgrading within the project region to the greatest extent. The asset-light business is expected to become an important breakthrough for the business development of the industrial park.

In respect of the finance and asset management business: In 2020, domestic financial leasing companies will face both challenges and opportunities. On the one hand, in the context of the impact of the new coronavirus epidemic and the continued decline of the macro economy, the development of leasing business has slowed down and asset quality is under pressure. As a result, in the future, the leasing business will return to its nature. In light of this, the Group will adhere to the coordinated development of industry and finance to create a professional and differentiated competitive advantage with respect to leasing properties. On the other hand, compared with the leasing market in developed countries, China's financial leasing industry is still in the primary stage of development with relatively large market capacity. With the gradual implementation of unified supervision and the introduction of favourable national policies, the financial leasing industry still has middle and long-term development opportunities. 2020 is the final year of the "Thirteenth Five-Year Plan", with heavy economic development tasks, various risks and challenges, and the factors which will limit economic growth in the future have not yet shown any signs of improvement. Due to the weakening organic growth momentum, the economy will remain under pressures. Monetary policy will be adopted to continue to adjust the market condition during the countercyclical period. With the implementation of existing monetary policies, the policies of reducing deposit reserve ratios and cutting interest rates are expected to be further implemented, and money market interest rates will remain low.

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3. Overall Operation Targets and Initiatives for Main Business Segments

Looking forward, in 2020, the Group will persist in its strategic positioning of “Manufacturing + Service + Financing”, continue to promote the transformation and upgrade of its businesses, and extend its manufacturing segment toward the service segment based on customer needs. The Group will also continue to improve its global operating capabilities, optimise its businesses and assets, accelerate the clustering of industries, and develop competitive advantages in its industrial chain. In terms of technological upgrade, business model and management mechanism, the Group will strive for constant innovation and risk control. The Group will also strive to grasp changes in the market and complete the layout of its emerging industries and innovative businesses in order to achieve sustainable quality growth.

In respect of the container manufacturing business: In 2020, the Group will actively grasp the market situation that might be brought about by the improvement of the global economy and the ease of trade frictions, expand the incremental container business, and strive to improve the profitability of its main business. Meanwhile, through innovation and upgrading and internal optimization, the Group will continue to rebuild its core competitiveness in the container manufacturing business, consolidate and enhance its leading industry position in the container manufacturing business. In terms of new business development, the Group will establish a model combining industrial fund investment and equity direct investment, carry out industry incubation with existing companies, and continue to focus on the cold chain business, new materials business and areas related to container strategies mainly through equity investment and supplemented by the establishment of joint venture companies.

In respect of the road transportation vehicles business: In 2020, CIMC Vehicles will leverage on the current situation to intensify its competitive position in environmental-friendly urban muck trucks by deepening cooperation with main machinery plants to achieve greater economies of scale of production and procurement and add value to main machinery plants; will leverage on the current situation to expand its leading position in China’s light-weight durable cement mixer truck market by trying to optimize the total ownership cost of products through cooperative design with main machinery factories and meanwhile carrying out new marketing campaigns in cooperation with main machinery factories to bring better consumer experience; will expand the layout of China’s production plants for refrigerated van bodies and accelerate the development of new generation product modules and production technologies, thus preparing for the upcoming rapid growth; will seize the opportunity of semi-trailer upgrade in China by actively utilizing new marketing and new retail to expand the sales volume of second-generation semi-trailers and improve the gross profit margin of products; and will actively contain the impact of Sino-US trade frictions by actively promoting the production localization of semi-trailers in North America and Europe and optimizing the cost of localized production through lighthouse factories and global supply chains.

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Core development strategies: (1) Upgrading “product modules”: the Group will upgrade the product modules of truck bodies for specialty vehicles in China, semi-trailer products in China, North America and Europe, and refrigerated van products to improve production efficiency, optimize product performance and strengthen global assembly capacity; (2) Improving the “lighthouses”, including improving the equipment and production line construction of five lighthouses for truck bodies for specialty vehicles, two production plants for refrigerated van bodies, nine domestic and three foreign semi-trailer “lighthouses”, and undergoing the “lighthouse-oriented” transformation. (3) Initiating “marketing transformation”: the Group, focusing on “new marketing, new retail”, will establish online and offline digital marketing according to different products and businesses to open up marketing channels, whereby providing customers with an integrated seamless consumption experience; (4) Through promoting organizational development to propel upgrade of product modules, improve lighthouse factory and promote marketing reform. CIMC Vehicles has reorganized its subordinate enterprises having lighthouses to establish comprehensive enterprises, gathering middle-and-young aged technological and marketing elites around the world, so as to cultivate “global operating stronger” with courage to move forward against adversity.

In respect of the energy, chemical and liquid food equipment business: In 2020, the Group’s energy, chemical and liquid food equipment business will continue to adhere to the main development path of our core business, actively keep in line with national policies and expand market share. The clean energy business will follow a development strategy of “expansion from domestic to international market and extend coverage through the entire industry value chain”, continue to deploy the entire industrial chain of natural gas, focus on building the LNG full service chain and LPG full service chain, continuously adjust and optimize the high-voltage business chain with hydrogen, electronic gas and CNG, and seize new opportunities in the processing and application equipment for unconventional natural gas and the development of marine LNG application. Under the premise of consolidating the leading position of the standard tank container market, the chemical environment business will accelerate the global distribution of market and technical services, actively improve the intelligence of products, use Internet of things technology to assist customers to improve operational efficiency, realize smart tank container logistics, and actively expand new business opportunities such as environmental industry services through newly established companies, joint ventures and acquisition and mergers. The liquid food business will utilize the core technology and EPC contracting advantages, expand the global market and non-beer food equipment and engineering business through the two-dimensional development of the vertical beer industry chain and the horizontal liquid food business.

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In respect of the offshore engineering business: In 2020, the Group will continue to actively carry out business transformation and layout of the offshore engineering business, and actively exploring the introduction of strategic investors, aiming to develop the Group into a provider of comprehensive marine resource development solutions with international competitiveness. The Group plans to implement the following key measures: (1) de-stocking: pursuing leasing and disposal of existing assets and improving asset operation and management mechanism; (2) structure adjustment: stabilizing the industrial fluctuation cycle and the industrial structure with high-tech products to form a 50% business portfolio and production capacity allocation for oil and gas and non-oil and gas businesses; (3) resource integration: leveraging on the core capabilities of the industrial chain (design/equipment) to integrate the state-owned enterprises and leading domestic and foreign enterprises, and strive to become a member of the offshore industrial chain ecosystem; (4) management upgrade: adhering to refined management, starting a new business to continue to introduce intelligent digital technology and build offshore intelligent design platform.

In respect of the airport facilities, fire safety and automated logistics equipment business: (1) Airport facilities equipment business: continuing to cultivate strategic market, consolidate and enhance market share, maintain the leading position in the global market of boarding bridge; strengthening product life cycle management, improve service system, expand service business with the support of information technology and big data, keep pace with service and manufacturing, and substantially increase the sales revenue of service business; on the basis of self-manufacturing upgrade, seeking possible value-added space in service and consumer side along the industrial chain; taking advantage of existing technology, applying artificial intelligence technology, and developing new products that meet market needs. (2) Fire safety and rescue business: growing into a leading enterprise in the world's fire protection industry, taking merger and acquisition as the core measure to complete product portfolio and to achieve reasonable layout and expansion of business; implementing overall operation management to all business units, unifying service, R&D and procurement, continuously increasing overall coordination at the sales and production levels, of which service will be carried out as a joint venture; continuing to optimize and innovate the overall solution of fire truck rental, providing a full range of high- to low-end fire equipment, and introducing new model of "equipment + finance + service" for fire truck business and gradually promoting it nationwide; researching and applying artificial intelligence technology to develop high-end products such as driverless fire trucks. (3) Automated logistics systems business: continuing carry out strong integration in the logistics business unit, focusing on business and market to become a well-known and trustable representative of automation solutions for several industries, excelling at project management and forming competitive advantages at specialization and efficient delivery.

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In respect of the heavy trucks business: In 2020, the operation strategy of C&C Trucks will be adjusted to “business concentration, organization and empowerment, risks control and quality development”. C&C Trucks will focus on the natural gas heavy truck products and two major areas (East China and South China), continue to organize and empower, thoroughly implement the quotas and improve the productivity. Meanwhile, C&C Trucks will duly dispose assets with low efficiency and prevent new risks. Through the optimization and upgrade of products, cost cutting, control on payable fees and other key measures, the quality growth of heavy trucks business will be further enhanced.

In respect of the logistics services business: In 2020, facing changes in the internal and external environments, the Group will take it as a strategic mission to become a multiple-channel intermodal transport leader in terms of logistics services business, featuring “equipment + service”. Leveraging one “one brand, one team and one goal”, we will promote the connection, communication and concentration of the business sectors and enhance the capabilities of strategic leading, organizing and empowering, and business promoting, and advance the profound combining of products, customers and strategic resources to further optimize the overall business structure.

In respect of the industrial city development business: In 2020, CIMC Skyspace Real Estate will continue to persist in the strategy of “one body two wings, light and heavy go hand in hand (一體兩翼·輕重並舉)” and strive to build up a comprehensive development platform for industrial parks with its focus on combining industry and city. In addition, CIMC Skyspace Real Estate will insist on expanding the Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta markets, and rapidly promoting further implementation of Qianhai projects and Prince Bay projects. Following the global industrial development trend and integrating the industrial orientation of the expanding area of major projects, leveraging on the industrial resource edges of the Group. It will make more efforts into the construction of light asset platforms and its investment, and concentrate on attracting businesses and operating service in the park so as to take shape the core strengths in the industrial city area and make a long-term, stable and sustainable profits.

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In respect of the finance and asset management business: In 2020, CIMC Financial Leasing Company will continue to deepen the coordination of industry and finance, further optimize the coordination mechanism of industry and finance in all industrial sectors, continuously optimize the business model of its specialized subsidiaries and propel the business upgrade and model innovation. Furthermore, it will further improve and optimize the comprehensive risk and management system, gradually develop a diversified financing system and financing capability, strengthen the operational efficiency and service capacity of mid and back offices, improve the standard of digital management and realize sustainable development. In 2020, under the operational strategy of “transformation and development, continuous optimization, and planning and upgrading”, CIMC Finance Company will promote transformation and upgrade as well as facilitate the reform of business and management model to construct digital, ecological and platform-based industrial financial institutions by virtue of the upgrading of information system. In terms of physical industries, we will improve the concentrating management on the Group’s assets and various internal finance services. Guided by the core enterprises in the Group’s industrial chains, we will enhance our services, products, management and risks control in order to render comprehensive solutions for the Group and clients in the chains. In 2020, offshore engineering asset management platform companies will promote efficient operation and management, and facilitate potential capital coordination.

4. Main Risk Factors for Future Development of the Group

Risk of economic periodic fluctuations: The industries that the principal business of the Group is engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty factors. In particular, the rise of the trade protectionism will have a negative impact on the growth of the global economy and trade. Downward pressure on the domestic economy is mounting, and affected by the Novel Coronavirus Disease, the growth rate of consumption and investment is slowing down. There are risks that the growth of the Group’s various principal businesses might slow down. The changes and risks in the global economic environment demand higher requirements on the Group’s operating and management capabilities.

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

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Risk of trade protectionism and anti-globalisation: Anti-globalisation trend such as the trade protectionism implemented by the United States, Brexit and elections to the European Parliament, will bring more uncertainties to global trade recovery and threats to global economic growth. Part of the Group's principal businesses will be affected by global trade protectionism and anti-globalisation, such as anti-monopoly, anti-subsidy and anti-dumping investigations, etc.

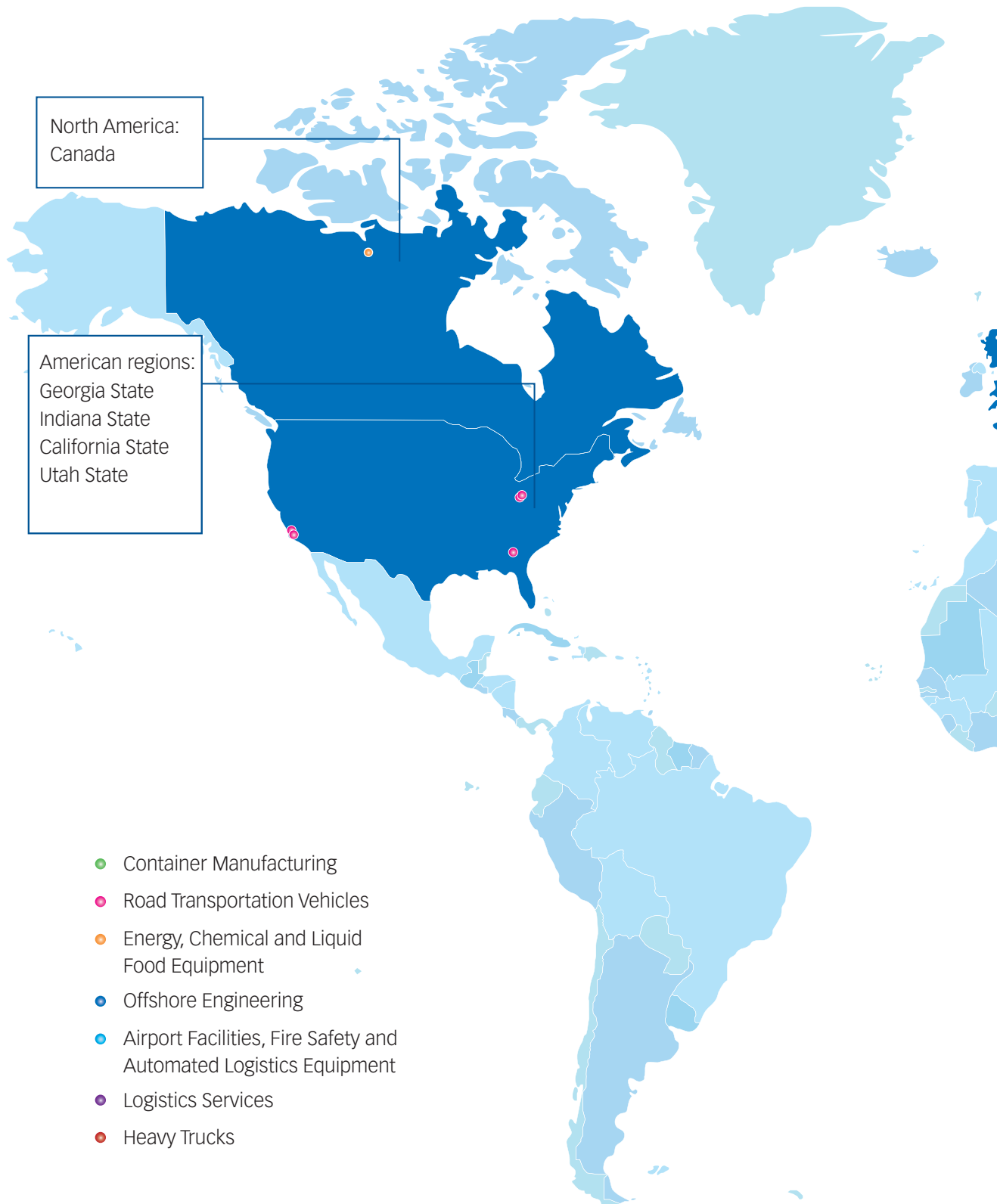
Fluctuations of financial market and foreign exchange risks: The presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other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

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

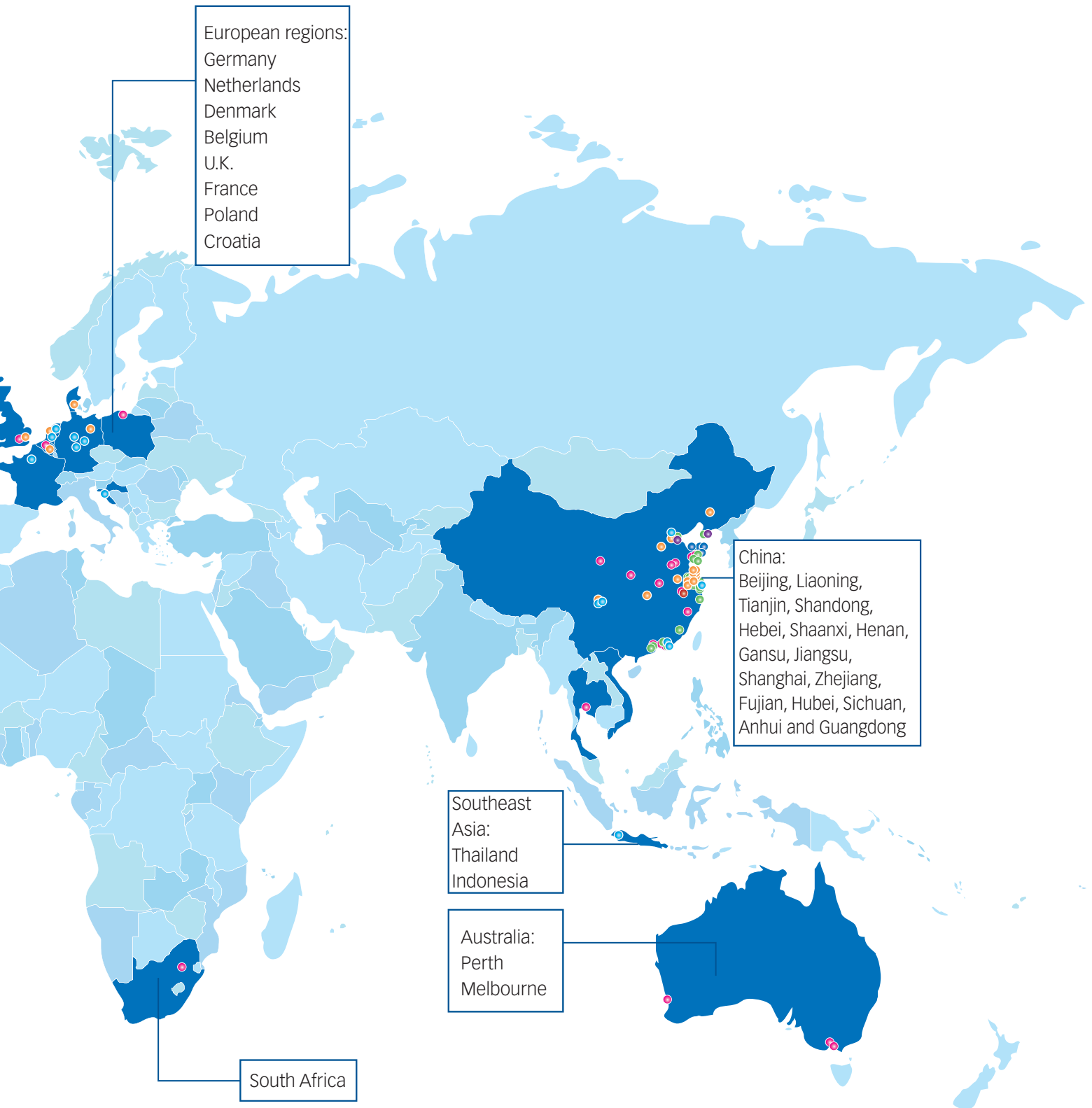
Employment and environmental protection pressure and risks: With demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. Automation represented by robots is becoming one of the key directions for future upgrade of the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

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Map of major business production bases



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IV. SIGNIFICANT CHANGES IN MAIN ASSETS OF THE GROUP DURING THE REPORTING PERIOD

1. Significant Changes in Main Assets

During the Reporting Period, there were no significant changes in main assets of the Company.

2. Main Overseas Assets

Applicable Not Applicable

V. ANALYSIS OF CORE COMPETITIVE ADVANTAGES

Strategic Positioning of “Manufacturing + Service + Financing”

The Group has formed an industrial pattern spanning both logistics and energy sectors, established major business segments with industry leading position and good prospects, and will continue to explore and deploy in emerging industries which help to give full play to the Group’s advantages. While reinforcing its edge in traditional industries, the Group promoted a customer demand-oriented business expansion from manufacturing to incorporate service, offered comprehensive solutions covering the entire life cycle of a product, and will continue to adhere to the strategic positioning and industrial ecosystem of “Manufacturing + Service + Financing”, closely focusing on intelligent manufacturing and intelligent logistics to advance business transformation and upgrade.

Development Philosophies of Business Diversification and Globalisation

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

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A Standardised and Effective Corporate Governance System

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

Lean Manufacturing Management Capabilities

Over the past 12 years, the Group has continuously promoted the construction of lean ONE mode, building a relatively perfect lean manufacturing system, and expanded it into business and management fields such as market, research and development, technology, supply chain, finance, human resources, etc. to continuously enhance the core competitiveness of the Company through strengthening its lean management capabilities.

Integrated Resources and Ability to Achieve Collaborative Development

In several business segments such as the road transportation vehicles, energy, chemical and liquid food equipment and airport facilities, fire safety and automated logistics equipment, the Group has fully integrated supply chain, production and manufacturing, services and other processes through a series of mergers and acquisitions to secure its leading cost advantage and leadership in the industry. On the basis of existing resources and strengths in manufacturing and operation, the Group cultivates new businesses and industry chains for resource sharing and development synergy. The Group is aiming to capitalise on local strengths and integrate global resources to establish a new business ecosystem.

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Technological Research and Development Capabilities and Intellectual Property Rights Protection

The Group always attaches great importance to technological research and development capabilities through: developing mid-to-long term development strategies to optimise R&D systems and platforms and accelerate the development of products and technologies as well as evolution of existing products to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialisation of technological achievements; and strengthening protection of intellectual property rights by taking “building high-quality patent groups and making full use of the value of intellectual property rights” as the general requirement, establishing and improving an all-round effective mechanism for protecting, operating, safeguarding and preventing infringement of intellectual property rights. In addition to a national enterprise technology centre, the Group establishes 47 group-level technology centers, including 17 A-level technology centers (2 of which are at national level) and 30 B-level technology centers (6 of which are at provincial level). To consolidate and improve its business competitive advantages, the Group is implementing technology innovation and upgrade projects such as “Longteng (龍騰), Super Magalhaes (超級麥哲龍) and Dream Six D (夢六D)” on business segments including container, road transportation vehicle, and energy, chemical and liquid food equipment, respectively, while conducting prompt and efficient deployment of intellectual property rights protection to leading technological innovation achievements in relevant industries, and has applied for 266 invention patents. In doing so, the Group is well-positioned to capitalise on its strong R&D and intellectual property rights protection capabilities to convert its leading technologies into competitive advantages.

VI. OTHER MATTERS REPORTED BY THE BOARD

1. Fixed Assets

Changes to the fixed assets of the Group during the Reporting Period are summarised in note IV. 20 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

2. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for 2019 was RMB206,610,000 (2018: RMB478,144,000). The change during the Reporting Period was mainly due to the decrease in land appreciation tax pre-paid for industrial city development projects.

3. Reserves and Distributable Reserves

As of 31 December 2019, the reserves (surplus reserve and undistributable profit) of the Group were RMB25,065,200,000 (31 December 2018: RMB25,365,354,000), and the distributable reserves were RMB21,482,857,000 (31 December 2018: RMB22,082,769,000). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in notes IV. 50 and 51 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

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4. Management Contract

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

5. Major Suppliers and Customers

During the Reporting Period, the aggregate purchase attributable to the top five largest suppliers of the Group was less than 30% of the Group's total purchase, the aggregate revenue derived from the top five largest customers was less than 30% of the Group's total sales. For details of the top five largest customers and suppliers of the Group, please refer to "(8) Information of the major customers and major suppliers" of "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

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 abovementioned top five largest suppliers and top five largest customers.

6. Repurchase, Sale or Redemption of Securities

The Company or any of its subsidiaries did not repurchase, sell or redeem any listed securities of the Company or its subsidiaries during the Reporting Period.

7. Trust Deposits and Irrecoverable Overdue Time Deposits

During the Reporting Period, 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. Issuance of Debenture

Issuance of medium-term notes was for the purpose of broadening the financing channels to meet the needs of the Company's production and operation, and promote the sound development of the Company. Please refer to note IV. 42 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report for details of the issuance of medium-term notes by the Company.

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10. Issuance of Corporate Bonds

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

11. 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 on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company" (Cai Shui [2015] No. 101) jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, the letter entitled "Tax Arrangements of Enterprises in Mainland China on Dividend Issuance to Hong Kong Residents" issued by the Hong Kong Stock Exchange, and requirements of related laws and regulations. It is recommended that holders of H Shares of the Company may consult their tax advisors concerning the tax effects in Mainland China, Hong Kong and other regions regarding the holding and disposal of H shares of the Company.

12. Donation

During the Reporting Period, the Group has made a total donation of RMB3,622,000 (2018: RMB7,019,000).

13. Compliance with Laws and Regulations

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

14. Permitted Indemnity Provision

The Company has arranged for appropriate insurance cover for the legal risks possibly faced by its Directors, Supervisors and senior management during their duty performances.

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REPORT OF THE BOARD

15. Share Capital

As at 31 December 2019, the Company's share capital is as follows:

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	1,524,612,452	42.53%
H Shares	RMB1.00	2,059,891,930	57.47%
Total	–	3,584,504,382	100.00%

16. Dividend Distribution

Based on the Group's 2019 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB1.2 per ten shares (including applicable taxes) for the year of 2019. No bonus share will be issued, and no capital reserve will be converted into share capital. The dividend payment plan for the year of 2019 is subject to Shareholders' consideration and approval on the general meeting of the Company. For details of the Group's cash dividend policy and its dividend distribution for recent three years, please refer to "I. Profit Distribution of Ordinary Shares and Share Capital Increase by Way of Transfer from Capital Reserves of the Company" of "Chapter VIII Significant Events".

17. Changes of Directors and Supervisors

During the Reporting Period, the changes of Directors and Supervisors of the Company are listed in "IV. Changes of Directors, Supervisors and Senior Management of the Company" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report.

18. Environmental, Social and Governance Report

The Group attaches great importance to its responsibility on the environment and the society and strives to increase the Group's environmental, social and governance capability through various measures. The Company published the 2018 Social Responsibility & Environmental, Social and Governance Report and the 2019 Social Responsibility & Environmental, Social and Governance Report on Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2019 and 26 March 2020 respectively in accordance with the Guidelines for Companies Listed on the Shenzhen Stock Exchange on Social Responsibility, Rule 13.91 and Environmental, Social and Governance Reporting Guide of Appendix 27 of the Hong Kong Listing Rules.

19. Events after the Balance Sheet Date

For details of events of the Group after the balance sheet date of the Reporting Period, please refer to note XII to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

CHAPTER V

OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE DOMESTIC SECURITIES REGULATORY RULES

I. OVERVIEW

For the profile of the Group's businesses during the Reporting Period, please refer to "1. Overview" of "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board" in this Report.

II. ANALYSIS OF PRINCIPAL BUSINESSES

1. Overview

For details of the Group's principal business operations during the Reporting Period, please refer to "2. Review of Operations of Major Business Segments" of "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board" in this Report.

2. Income and Cost

(1) Composition of Revenue

Unit: RMB thousand

	2019		2018		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
Total revenue	85,815,341	100.00%	93,497,622	100.00%	(8.22%)
By industry and by product					
Containers	20,162,782	23.50%	31,536,221	33.73%	(36.06%)
Road transportation vehicles	23,335,378	27.19%	24,399,718	26.10%	(4.36%)
Energy, chemical and liquid food equipment	15,075,116	17.57%	14,162,800	15.15%	6.44%
Offshore engineering	4,516,575	5.26%	2,433,598	2.60%	85.59%
Airport facilities, fire safety and automated logistics equipment	5,962,172	6.95%	4,671,147	5.00%	27.64%
Heavy trucks	2,548,553	2.97%	2,487,666	2.66%	2.45%
Logistic services	9,157,288	10.67%	8,628,262	9.23%	6.13%
Industrial city development	1,435,996	1.67%	2,893,205	3.09%	(50.37%)
Finance and asset management	2,212,999	2.58%	2,092,384	2.24%	5.76%
Others	4,301,281	5.01%	4,231,489	4.52%	1.65%
Combined offset	(2,892,799)	(3.37%)	(4,038,868)	(4.32%)	28.38%
By region (by geographical locations of customers)					
China	45,317,471	52.81%	44,558,488	47.66%	1.70%
America	14,409,712	16.79%	23,406,096	25.03%	(38.44%)
Europe	14,892,982	17.35%	17,439,309	18.65%	(14.60%)
Asia (excluding China)	9,250,880	10.78%	6,533,782	6.99%	41.59%
Others	1,944,296	2.27%	1,559,947	1.67%	24.64%

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(2) **Industry, Product or Region Contributing 10% or More to the Company's Revenue or Operating Profit during the Reporting Period**

Unit: RMB thousand

	Revenue	Cost of sales	Gross profit margin	Year-on-year change in revenue	Year-on-year change in cost of sales	Year-on-year change in gross profit margin
By industry and by product						
Containers	20,162,782	18,469,400	8.40%	(36.06%)	(35.36%)	(1.00%)
Road transportation vehicles	23,335,378	20,016,317	14.22%	(4.36%)	(4.66%)	0.27%
Energy, chemical and liquid food equipment	15,075,116	12,455,174	17.38%	6.44%	8.35%	(1.45%)
Logistics services	9,157,288	8,343,992	8.88%	6.13%	5.61%	0.45%
By region (by geographical locations of customers)						
China	45,317,471	—	—	1.70%	—	—
America	14,409,712	—	—	(38.44%)	—	—
Europe	14,892,982	—	—	(14.60%)	—	—
Asia	9,250,880	—	—	41.59%	—	—

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

Applicable Not Applicable

Composition of Revenue
(by location)



Overseas Regions
RMB **40.498** billion
Account for 47.19%
Decrease by 17.25% YoY

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

Yes No

Industry classification	Item	2019	2018	Year-on-year Change (%)
Containers	Sales volume			
	Dry containers (ten thousand TEU)	89.86	154.39	(41.80%)
	Reefer (ten thousand TEU)	13.75	16.82	(18.25%)
Road transportation vehicles	Sales volume (ten thousand units)	16.7	19.2	(13.02%)
Offshore engineering business	Sales volume			
	Special OSV (unit)	1	0	100%
	Production output			
	Semi-submersible Drilling Platform (unit)	2	4	(50%)
	Jack-up Drilling Platform (unit)	2	5	(60%)
	Special OSV (unit)	8	5	60%

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

1. Due to the influence of trade frictions in 2018, the export volume of container business in 2019 was advanced, which, to a certain extent, also slowed down the container transportation demand in 2019. As a result, the pessimism brought to the market caused customers to reduce their purchase of new containers.
2. The FPSO hull construction project under offshore engineering business was delivered to Petrobras in 2019.

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

Applicable Not Applicable

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

Industry and product classification

Unit: RMB thousand

Industry classification	Item	2019		2018		Year-on-year Change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Containers	Direct materials	14,981,249	81.11%	23,837,570	85.33%	(4.22%)
Road transportation vehicles	Direct materials	17,406,090	86.96%	18,637,862	89.21%	(2.25%)
Offshore engineering	Equipment	1,907,615	42.69%	1,280,460	56.80%	(14.11%)

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

Yes No

During the Reporting Period, for details of the change of the consolidation scope of the Group, please refer to note V of "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

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

Applicable Not Applicable

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(8) Information of the Major Customers and Major Suppliers

Information of the major customers of the Company

Total sales amount of the top five customers (Unit: RMB thousand)	5,484,741
% of the total sales amount of the top five customers in the annual total sales amount	6.39%
% of the total sales amount of related parties among the top five customers in the annual total sales amount	0.00%

Information of the top five customers of the Company

Applicable Not Applicable

Unit: RMB thousand

No.	Name of customer	Sales amount	% of the annual total sales amount
1	Customer A	1,202,931	1.40%
2	Customer B	1,142,148	1.33%
3	Customer C	1,068,447	1.25%
4	Customer D	1,066,938	1.24%
5	Customer E	1,004,277	1.17%
Total	–	5,484,741	6.39%

Other information of major customers

Applicable Not Applicable

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

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Information of the major suppliers of the Company

Total purchase amount of the top five suppliers (Unit: RMB thousand)	7,461,915
% of the total purchase amount of the top five suppliers in the annual total purchase amount	10.17%
% of the total purchase amount of related parties among the top five suppliers in the annual total purchase amount	0.00%

Information of the top five suppliers of the Company

Applicable Not Applicable

Unit: RMB thousand

No.	Name of supplier	Purchase amount	% of the annual total purchase amount
1	Supplier A	2,207,142	3.01%
2	Supplier B	1,674,200	2.28%
3	Supplier C	1,229,787	1.68%
4	Supplier D	1,175,472	1.60%
5	Supplier E	1,175,314	1.60%
Total	–	7,461,915	10.17%

Other information of major suppliers

Applicable Not Applicable

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

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3. Expenses

Unit: RMB thousand

	2019	2018	Year-on-year change
Selling and distribution expenses	2,297,273	1,744,260	31.70%
General and administrative expenses	5,204,271	5,158,990	0.88%
Financial expenses	1,276,165	1,158,896	10.12%
Research and development expenses	1,437,046	993,416	44.66%
Income tax expenses	3,103,761	2,615,103	18.69%

Description for significant changes in sales expenses and R&D expenses:

During the Reporting Period, the selling and distribution expenses increased by 31.70% as compared with the same period of last year, which was mainly due to a year-on-year increase in cost of sales resulting from that the combined effect of improved performance of road transportation vehicles, offshore engineering, airport facilities and industrial city development businesses and mergers during the Reporting Period; the research and development expenses increased by 44.66% as compared with the same period of last year, which was mainly due to the increased investment in technology research and development by the Group during the Reporting Period.

4. R&D Investments

During the Reporting Period, the Group continued to push forward the development path to intelligent manufacturing, to accelerate the progress of the Group's new industrialized development, enhance the Group's efficient operation capability and form a blueprint for the Group's innovative development.

In 2019, the Group, based on the development path to intelligent manufacturing and centering on the manufacturing model upgrade, product universalization, standardization and modularization, put emphasis on the building of life-cycle improvement pilot projects for the three products. Three demonstration projects, namely the container Longteng Plan (龍騰計劃), the vehicle Super Magalhaes Plan (超級麥哲倫計劃) and the Dream Six Plan of CIMC Enric (安瑞科夢六計劃), were orderly advanced to improve the overall intelligent manufacturing level of the sector, and stage results have been achieved. In terms of product intellectualization and efficient operation, the Group continued to launch the project of building champion products to improve product operation quality and realize product upgrade and intellectualization through technical innovation. In respect of green manufacturing, in 2019, the Group made remarkable achievements in green manufacturing projects, significantly reduced three wastes, reduced positions that would cause occupational diseases in order to build an environmentally-friendly plant.

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In 2019, the Group accelerated the transformation and upgrading of intelligent manufacturing. In the integration of informatization and industrialization, we took “developing information technology through integration of informatization and industrialization” as one of the Group’s strategies, and actively explored the integration of informatization and industrialization by using Internet of Things, big data and artificial intelligence. In 2018, with the successful pilot of the Qingdao Refrigeration Industrial Base in the container segment and the Wuhu Ruijiang Vehicle Factory in the vehicle segment, on one hand, the Group created CIMC’s unique industrial Internet platform through methods of “starting from the pain point of the enterprise” and “the rapid iteration of the Internet”, thereby realizing “equipment on the cloud”, improving equipment management, reducing unplanned equipment downtime and energy consumption, enhancing key technologies of the plant, improving plant safety. We have optimized the production planning, executed the materials and semi-products management during production, ensuring product quality throughout the entire production process, improving overall production efficiency, reducing production costs and shortening order delivery time. On the other hand, the Group only took one year to replicate the platform capability built by two successful pilots to other 10 companies under the Group in 2019, and built a number of new capabilities for intelligent manufacturing and green development, including “digital employee safety”, “key techniques for water-based paint”, “environmental monitoring”, “robot management” and “predictive maintenance”, etc., creating a new path for the Group to reducing material costs, improving production efficiency and being a production enterprise engaged in green and safe production. As of the end of 2019, nine enterprises have been admitted in the Integration of Enterprise Informatisation and Industrialisation Management System. CIMC will implement new industrialized work in an all-round way through comprehensive deployment and pilot promotion in order to gradually achieve manufacturing transformation and upgrade.

R&D investments of the Company

	2019	2018	Proportion of changes
Number of R&D personnel (person)	3,400	3,396	0.12%
Proportion of R&D personnel	6.84%	6.63%	0.21%
Amount of R&D investments (RMB thousand)	1,486,985	1,040,751	42.88%
Proportion of R&D investments in revenue	1.73%	1.11%	0.62%
Capitalised amount of R&D investments (RMB thousand)	49,939	47,335	5.50%
Proportion of capitalized R&D investments in R&D investments	3.36%	4.55%	(1.19%)

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

Applicable Not Applicable

Reasons for the substantial change to the capitalisation rate of R&D investments and explanations for its reasonableness

Applicable Not Applicable

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5. Cash Flows

Unit: RMB thousand

Item	2019	2018	Year-on-year change
Subtotal of cash inflows of operating activities	90,165,152	96,239,347	(6.31%)
Subtotal of cash outflows of operating activities	86,626,630	96,098,615	(9.86%)
Net cash flows from operating activities	3,538,522	140,732	2414.37%
Subtotal of cash inflows of investing activities	1,490,275	2,980,266	(50.00%)
Subtotal of cash outflows of investing activities	10,574,432	7,382,196	43.24%
Net cash flows from investing activities	(9,084,157)	(4,401,930)	(106.37%)
Subtotal of cash inflows of financing activities	87,407,283	79,488,047	9.96%
Subtotal of cash outflows of financing activities	83,793,641	70,192,281	19.38%
Net cash flows from financing activities	3,613,642	9,295,766	(61.13%)
Net (decrease)/increase of cash and cash equivalents	(1,872,868)	5,089,896	(136.80%)

Reasons for the major factors affecting significant changes in relevant information as compared with the same period of previous year

Applicable Not Applicable

During the Reporting Period, the Group's net cash flows from operating activities increased by 2414.37% as compared with the same period of last year, which was mainly due to a lower cash flow base generated from operating activities in the corresponding period of the last year driven by the land premium of the Shanghai Baoshan project of the Group recorded in the cash paid for goods and services during the Reporting Period; Net cash flows from investing activities decreased by 106.37% as compared with the same period of last year, which was mainly due to the increase of cash paid by the Group for the purchase and construction of long-term assets (including fixed assets, construction in progress and etc.). Net cash flows from financing activities decreased by 61.13% as compared with the same period of last year, which was mainly due to the distribution of dividends and payment for debts during the Reporting Period.

Reasons for major differences between the net cash flows of operating activities of the Company and the net profit of the Year during the Reporting Period

Applicable Not Applicable

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III. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Applicable Not Applicable

Unit: RMB thousand

	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Asset impairment losses	5,224,120	93.06%	Mainly represents the asset impairment of offshore engineering platforms	No
Credit losses	521,473	9.29%	Mainly represents loss from bad debts of accounts receivables and long-term receivables	No
Gain on disposals of assets (Note)	8,982,577	160.01%	Mainly represents gain on disposal of the land in Qianhai	Yes
Other income	893,366	15.91%	Mainly represents the government grants	No

Notes: In 2019, CIMC entered into the Qianhai Land Preparation Agreement and land contracts for replacement land, leading to the land conversion from industrial land to commercial land, and increasing gain on disposal of assets of RMB8,920,394,000 in 2019.

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IV. ASSETS AND LIABILITIES

1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of 2019		As at the end of 2018		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Inventories	41,302,279	24.00%	27,335,324	17.20%	51.09%	Mainly due to the completion of Qianhai land preparation and the transfer of prepayment for land use right under industrial city development business into inventory.
Advances to supplies	2,887,353	1.68%	6,861,297	4.32%	(57.92%)	Mainly due to the transfer of prepayment for land use right into inventory.
Long-term equity investments	5,363,574	3.12%	3,569,900	2.25%	50.24%	Mainly due to the investment in Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.* (深圳市太子灣商融置業有限公司) under industrial city development segment.
Fixed assets	37,849,258	21.99%	23,188,737	14.59%	63.22%	Mainly due to the transfer of certain offshore engineering platforms under construction into fixed assets.
Investment properties	2,769,715	1.61%	1,966,277	1.24%	40.86%	Mainly due to the transfer of certain inventories and revaluation gains.
Construction in progress	9,827,563	5.71%	24,164,814	15.21%	(59.33%)	Mainly due to the transfer of certain offshore engineering platforms under construction into fixed assets.

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2. Assets and Liabilities Measured at Fair Value

Please refer to “V. Items at Fair Value” of “Chapter II Summary of Accounting Data and Financial Indicators” for details on the Group’s assets and liabilities measured at fair value during the Reporting Period.

3. Restricted Asset Rights as at the End of the Reporting Period

For details of the restricted asset rights of the Group as at the end of the Reporting Period, please refer to note IV. 29 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

V. INVESTMENTS

1. General Information

Applicable Not Applicable

Unit: RMB thousand

Investment amount in the Reporting Period	Investment amount in the same period of previous year	Change
3,001,317	942,499	218.44%

2. Material Equity Investments during the Reporting Period

Applicable Not Applicable

Unit: RMB thousand

Name of investee	Principal activities	Investment methods	Investment amount	Shareholding	Source of funds	Partners	Investment period	Type of product	Progress made as at the balance sheet date	Expected gains	Litigation involved	Disclosure date (if any)	Disclosure index (if any)
Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.* (深圳市太子灣商融置業有限公司)	Development and operation of real estate	Capital injection	1,620,347	49%	Self-owned funds	-	-	-	Completed	-	No.	2018.09.28; 2018.11.24; 2018.12.01	www.cninfo.com.cn www.hkexnews.hk

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3. Material Non-equity Investments in Progress during the Reporting Period

Applicable Not Applicable

4. Financial Asset Investments

(1) Securities Investments

Applicable Not Applicable

Unit: RMB thousand

Securities	Stock code	Abbreviation of stock name	Initial investment cost	Modes of accounting measurement	Book value at the beginning of the Reporting Period	Profit or loss arising from changes in fair value during the Reporting Period	Cumulative changes in fair value in equity	Purchases for the Reporting Period	Sales for the Reporting Period	Profit or loss during the Reporting Period	Book value at the end of the Reporting Period	Classification in accounting	Source of funds
H Share	6198	Qingdao Port	128,589	At fair value	186,613	9,248	-	-	-	15,474	200,206	Financial assets held for trading	Self-owned funds
H Share	368	Sinotrans Shipping H	20,742	At fair value	7,063	14,696	-	-	7,243	(14,670)	-	Financial assets held for trading	Self-owned funds
Other securities investments held at the end of the Reporting Period			-	-	-	-	-	-	-	-	-	-	-
Total			149,331	-	193,676	23,944	-	-	7,243	804	200,206		
Announcement date of the Board approving securities investments			Nil										
Announcement date of the general meeting approving securities investments (if any)			Nil										

(2) Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held (thousand shares)	Shareholding percentage (%)	Book value at the end of the year	Profit or loss during the Reporting Period	Change in equity during the Reporting Period	Classification in accounting	Source of shareholding
ASX: OEL	Otto Energy	13,480	13,521	1.19%	2,378	-	(37)	Other equity instruments	Share acquisition
HKEX: 00697	Shougang Concord International	182,212	1,047,931	4.36%	361,421	-	180,537	Other equity instruments	Share acquisition
HKEX: 206	CMIC Ocean	204,326	185,600	6.30%	54,716	(184,255)	-	Long-term equity investments	Share acquisition

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(3) Investment in Derivatives

Applicable Not Applicable

Unit: RMB thousand

Name of derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the Reporting Period	Purchase during the Reporting Period	Sale during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the Reporting Period	Proportion of investment amount at the end of the Reporting Period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	Nil	No	Forward foreign exchange contracts	-	2018/4/24	2020/12/15	4,056,157	-	-	-	10,675,492	27.20%	38,507
HSBC, Standard Chartered and other banks	Nil	No	Forward foreign exchange contracts	-	2019/6/11	2020/5/18	3,868,222	-	-	-	42,886	0.11%	(2,554)
Standard Chartered, Deutsche Bank and other banks	Nil	No	Interest rate swap contracts	-	2014/4/30	2021/6/28	11,792,942	-	-	-	14,023,609	35.73%	(282,661)
Standard Chartered	Nil	No	Currency swap contracts	-	2018/8/14	2019/12/6	69,870	-	-	-	-	0.00%	194
Total				-	-	-	19,787,191	-	-	-	24,741,987	63.04%	(246,514)
Source of funds for derivatives investments				Self-owned funds									
Litigation case (if applicable)				N/A									
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Board (if any)				Nil									
Disclosure date of announcement in relation to the consideration and approval of derivative investments by the Shareholders' general meeting (if any)				Nil									
Risk analysis and explanations on risk control measures for positions in derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)				As of 31 December 2019, the derivative financial instruments held by the Group were mainly forward foreign exchange, interest rate swap and foreign exchange option contracts. The risks of interest rate swap contracts were closely related to the fluctuation of interest rates. The risks carried by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments was mainly reflected in: making prudent selection and decision on the type and quantity of newly-added derivative financial instruments; as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.									
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives				From January to December 2019, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(246,514,000). Fair values of the derivative financial instruments of the Group were determined based on market price quotations from external financial institutions.									
Explanations on any significant changes in the Company's accounting policies and specific accounting principles on derivatives for the Reporting Period as compared with those for the last reporting period				No									
Specific opinions of independent directors on the derivatives investments and risk control of the Company				The Company invested in exchange rate derivatives for the purpose of the day-to-day international business operations of the Company in order to smooth or lower the uncertainty impact of the operations of the Company due to the change in exchange rates and interest rates while adhering to the fundamental principle of value-preserving and prohibiting speculative transaction. The Company has attached great importance and continuously enhanced the management of exchange rate derivative transactions as well as developed and continuously improved relevant management systems. The related approval process is compliant with the requirements of the laws and regulations and without prejudice to the interests of the Company and the shareholders, in particular, the minority shareholders.									

CHAPTER V
OPERATION DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE
WITH THE DOMESTIC SECURITIES REGULATORY RULES

5. Use of Raised Proceeds

Applicable Not Applicable

(1) General Utilisation of Raised Proceeds

Applicable Not Applicable

All the proceeds have been fully used by the Company in 2017.

(2) Projects Committed with Raised Proceeds

Applicable Not Applicable

(3) Change of Projects to be Invested with Raised Proceeds

Applicable Not Applicable

VI. DISPOSAL OF SUBSTANTIAL ASSETS AND EQUITY INTERESTS

1. Disposal of Substantial Assets

Applicable Not Applicable

2. Disposal of Substantial Equity Interests

Applicable Not Applicable

CHAPTER V

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VII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Applicable Not Applicable

Please refer to the relevant information contained in “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” of this Report for the details of operations of principal subsidiaries and associates. The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Group during the Reporting Period are set out in note V to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

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

Unit: RMB thousand

Company name	Company type	Principal activities	Registered capital	Total assets	Net assets	Revenues	Operating profits	Net profits
CIMC Enric (Note)	Subsidiary	Energy, chemical and liquid food equipment business	18,371	15,900,033	7,384,511	13,743,019	1,138,573	901,405
South CIMC	Subsidiary	Manufacturing, repairing and selling containers, container storage business	137,699	10,706,903	6,787,882	-	8,778,634	6,542,141
CIMC Vehicles (Note)	Subsidiary	Road transportation vehicles business	1,765,000	18,681,084	10,220,674	23,220,206	1,585,875	1,326,461
CIMC-TianDa (Note)	Subsidiary	Airport facilities, fire safety and automated logistics equipment business	136,512	9,692,327	3,518,439	5,957,661	379,037	244,062

Note: CIMC Enric, CIMC Vehicles and CIMC-TianDa are companies listed on the Hong Kong Stock Exchange, and the financial data in the table above are extracted from their respective 2019 results announcement.

Details on obtaining and disposing subsidiaries during the Reporting Period

Applicable Not Applicable

Company name	Method of obtaining and disposing subsidiaries	Impact on overall production and operation and performance
Shanghai Jindun Special Vehicle Equipment Co., Ltd.	Merger	Conductive to perfecting the strategic layout of fire safety and rescue vehicles business under airport facilities segment of the Group and improving its core competitiveness
Shenyang Jietong Fire Truck Co., Ltd.	Merger	Conductive to perfecting the strategic layout of fire safety and rescue vehicles business under airport facilities segment of the Group and improving its core competitiveness
Ningxia Chang Ming Natural Gas Development Co., Ltd.	Merger	No significant impact

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VIII. STRUCTURED BODY CONTROLLED BY THE COMPANY

Applicable Not Applicable

IX. OUTLOOK FOR FUTURE DEVELOPMENT

For details of outlook for the future development of the Group, please refer to “III. Future Development and Outlook” of “Chapter IV Report of the Board” in this Report.

X. RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS

Register of reception of research, communications and interviews during the Reporting Period

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
17 January 2019	Office of the Company	Tele conferencing	Institutional investors	United Vision Fund	Principal business conditions, investment progress, recent industrial developments and industry outlook
28 March 2019	Office of the Company	Results press conference	Same as above	Haitong Securities, CR Yuanta Fund, Guoyuan Securities Hong Kong, GF Securities, CICC, Huajin Securities, CITIC Securities, ZTF Securities, Founder Securities, Sealand Securities, Guosen Securities, etc.	2018 results
26 April 2019	Office of the Company	Tele conferencing	Same as above	Soochow Securities and its investors	2019 first quarterly results
9 May 2019	Office of the Company	Tele conferencing	Same as above	Citibank	Principal business conditions, investment progress, recent industrial developments and industry outlook
10 June 2019	Office of the Company	Tele conferencing	Same as above	Guosheng Securities	Same as above
10 July 2019	Office of the Company	Tele conferencing	Same as above	UBS AG	Same as above
10 July 2019	Office of the Company	Tele conferencing	Institution	UBS	Principal business conditions, investment progress, recent industrial developments and industry outlook

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Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
28 August 2019	Office of the Company	Results press conference	Institution	Pacific Securities, Zheshang Fund, CICC, China Southern Fund, Guosen Securities, China Merchants Securities, Haitong Securities, Founder Securities, UBS, Huajin Securities, ABN AMRO, etc.	2019 interim results
3 September 2019	Shenzhen	Collective reception date	Individual	Online individual investors	Principal business conditions, investment progress, recent industrial developments and industry outlook
19 September 2019	Shenzhen	Collective reception date for H Shares	Individual	Online individual investors	Same as above
17 October 2019	Beijing	Field research	Institution	CICC, Huajin, Founder, New Times Securities, Great Wall Securities	Same as above
21 October 2019	Office of the Company	Tele conferencing	Institution	Daiwa securities and its customers	Same as above
6 November 2019	Office of the Company	Tele conferencing	Institution	UBS	Same as above
13 November 2019	Ruijiang	Field research	Institution	CITIC Construction	Same as above
17 November 2019	Office of the Company	Tele conferencing	Institutional investors	United Vision Fund	Principal business conditions, investment progress, recent industrial developments and industry outlook
Number of receptions					15
Number of organisations received					13
Number of individuals received					2
Number of other parties received					0
Whether disclosed any undisclosed major information					No

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

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 of this Report and the audited financial statements of the Group and notes thereto prepared in accordance with CASBE.

CONSOLIDATED OPERATING RESULTS AND SEGMENT INFORMATION

Unit: RMB thousand

In 2019, the Group recorded revenue of RMB85,815.341 million (2018: RMB93,497.622 million) and profit attributable to Shareholders and other equity holders of the Company of RMB1,542.226 million (2018: RMB3,380.436 million), representing a year-on-year decrease of 8.22% and 54.38%, respectively. For details of segment results, please refer to "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board", "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 52 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

COST OF SALES

For details, please refer to "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 52 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

Segment	2019		2018	
	Cost of sales	Percentage in total cost of sales(%)	Cost of sales	Percentage in total cost of sales(%)
Container manufacturing	18,469,400	25.18%	28,572,800	35.90%
Road transportation vehicles	20,016,317	27.29%	20,995,009	26.38%
Energy, chemical and liquid food equipment	12,455,174	16.98%	11,495,407	14.44%
Offshore engineering	4,468,230	6.09%	2,685,104	3.37%
Airport facilities, fire safety and automated logistics equipment	4,647,549	6.34%	3,776,955	4.75%
Heavy trucks	2,289,078	3.12%	2,321,010	2.92%
Logistics services	8,343,992	11.37%	7,900,530	9.93%
Industrial city development	645,628	0.88%	1,520,242	1.91%
Finance and asset management	1,946,843	2.65%	1,235,282	1.55%
Others	3,743,670	5.10%	3,927,853	4.94%
Combined offset	(3,670,276)	(5.00%)	(4,843,784)	(6.09%)
Total	73,355,605	100.00%	79,586,408	100.00%

CHAPTER VI
MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN
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GROSS PROFIT MARGIN AND PROFITABILITY

The overall gross profit margin of the Group in 2019 was 14.52%, lower than the same period last year. Among all segments, heavy trucks, airport facilities, fire safety and automated logistics equipment, industrial city development and offshore engineering saw an increase in their gross profit margins; container manufacturing, road transportation vehicles, energy, chemical and liquid food equipment, and logistics services remained basically stable; while the gross profit margin of finance and asset management business recorded a decline. For detailed analysis, please refer to “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” in this Report. The table below lists the gross profits and gross profit margins of the Group’s major segments during the following periods:

Unit: RMB thousand

Segment	2019		2018	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
Container manufacturing	1,693,382	8.40%	2,963,421	9.40%
Road transportation vehicles	3,319,061	14.22%	3,404,709	13.95%
Energy, chemical and liquid food equipment	2,619,942	17.38%	2,667,393	18.83%
Offshore engineering	48,345	1.07%	(251,506)	(10.33%)
Airport facilities, fire safety and automated logistics equipment	1,314,623	22.05%	894,192	19.14%
Heavy trucks	259,475	10.18%	166,656	6.70%
Logistics services	813,296	8.88%	727,732	8.43%
Industrial city development	790,368	55.04%	1,372,963	47.45%
Finance and asset management	266,156	12.03%	857,102	40.96%
Others	557,611	12.96%	303,636	7.18%
Combined offset	777,477	–	804,916	–
Total	12,459,736	14.52%	13,911,214	14.88%

COSTS OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES AND FINANCIAL EXPENSES

For details of the research and development expenses, costs of sales, general and administrative expenses and financial expenses of the Group during the Reporting Period, please refer to “3. Expenses” and “4. R&D Investment” of “II. Analysis of Principal Businesses” of “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” and note IV. 54, 55, 56 and 57 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

NON-OPERATING INCOME

During the Reporting Period, the Group’s non-operating income amounted to RMB198.534 million (2018: RMB374.891 million), representing a year-on-year decrease of 47.04%, mainly due to the higher base for the corresponding period of last year driven by the factor that the comparative bases include the gains recognized from enterprises merger. For details, please refer to note IV. 65 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

PROVISIONS FOR ASSET IMPAIRMENT AND LOSSES

During the Reporting Period, the Group made provisions for asset impairment totaling RMB6,029.373 million (2018: RMB2,819.708 million), representing a year-on-year increase of 113.83%, mainly due to the large provision for asset impairment of offshore engineering platforms made by the Group during the Reporting Period. For details, please refer to note IV. 28 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

INCOME TAX EXPENSE

During the Reporting Period, the Group’s income tax expense amounted to RMB3,103.761 million (2018: RMB2,615.103 million), representing a year-on-year increase of 18.69%, mainly due to the recognition of income tax expenses resulting from the recognized land revenue from Qianhai project. For details, please refer to note IV. 67 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

PROFIT ATTRIBUTABLE TO MINORITY SHAREHOLDERS

In 2019, the Group's profit attributable to minority Shareholders amounted to RMB967.887 million (2018: RMB688.019 million), representing a year-on-year increase of 40.68%, mainly due to an increase in profits for the period of the companies with minority shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2019, the Group's cash at bank and on hand amounted to RMB9,714.792 million (31 December 2018: RMB9,729.152 million), remaining stable. Details are set out in note IV. 1 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

For details of the cash flow data of the Group during the Reporting Period, please refer to "5. Cash Flows" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 69 and 70 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

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

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2019, the Group's short-term borrowings, current portion of long-term borrowings, debentures payable due within one year, long-term borrowings, debentures payable and other current liabilities (issuance of super & short-term commercial papers/commercial notes) in aggregate amounted to RMB65,795.689 million (31 December 2018: RMB62,267.518 million). Details of bank loans and other borrowings of the Group as at 31 December 2019 are set out in note IV. 30, 39, 40, 41 and 42 to "Chapter

XIV Financial Statements Prepared in Accordance with CASBE" in this report.

Unit: RMB thousand

	As at 31 December 2019	As at 31 December 2018
Short-term borrowings	17,557,197	19,898,221
Current portion of long-term borrowings	9,306,141	5,593,749
Debentures payable due within one year	–	7,986,500
Long-term borrowings	30,918,302	25,769,773
Debentures payable	8,014,049	2,019,275
Other current liabilities (issuance of super & short-term commercial papers/commercial notes)	–	1,000,000
Total	65,795,689	62,267,518

In 2019, interest capitalized by the Group was RMB1,181.927 million (2018: RMB674.502 million).

The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed using fixed rates and floating rates. As at 31 December 2019, the Group's long-term interest-bearing debts are mainly RMB-denominated floating rate contracts amounted to RMB20,626,847,000 (31 December 2018: RMB20,910,958,000). The interest rate range of the Group's short-term borrowings is 1.40% to 6.31% (31 December 2018: 1.40% to 6.40%), and the interest rate range of long-term borrowings is 1.20% to 6.87% (31 December 2018: 1.20% to 7.13%). The long-term borrowings are mainly expired within five years. For details, please refer to notes IV. 41 and XIV. 3 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2019, the remaining fixed-rate debentures issued by the Group amounted to RMB8,014.049 million (31 December 2018: RMB10,005.775 million), the maturity date of debentures is mainly distributed in one to three years. For details, please refer to note IV. 42 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

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OTHER EQUITY INSTRUMENTS

Unit: RMB thousand

	31 December 2018	Issued in the year	Interest-bearing at par value	Payment in the year	Other increase in the year	31 December 2019
18 CIMC MTN002	2,006,165	–	103,400	(103,400)	–	2,006,165
18 First phase renewable corporate bond	2,001,380	–	97,000	(97,000)	–	2,001,380
Total	4,007,545	–	200,400	(200,400)	–	4,007,545

	31 December 2017	Issued in the year	Interest-bearing at par value	Payment in the year	Other increase in the year	31 December 2018
15 CIMC MTN001	2,033,043	–	51,900	(2,103,800)	18,857	–
18 CIMC MTN002	–	1,987,264	18,901	–	–	2,006,165
18 First phase renewable corporate bond	–	1,994,340	7,040	–	–	2,001,380
Total	2,033,043	3,981,604	77,841	(2,103,800)	18,857	4,007,545

On 24 October 2018, the Company issued an unsecured perpetual debt with amount of RMB2 billion at par (“**18 CIMC MTN002**”). The net amount after deducting the issue fee was RMB1,987,264,000. The equity instrument was issued for general corporate finance purposes. The interest rate of the equity instrument is 5.17% per annum for the first three interest-bearing years and are paid annually from 26 October 2019 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every three years. The equity instrument has no fixed expiry dates and may be redeemed by the Company at the par value, together with a payment of any accrued, unpaid or deferred interest on or after 26 October 2021 or later every three interest-bearing years. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend or reduce capital etc.

On 3 December 2018, the Company issued an unsecured perpetual debt with amount of RMB2 billion at face value (“**18 First Phase Renewable Corporate Bond**”). The net amount after deducting the issue fee was RMB1,994,340,000. The equity instrument is issued for general corporate finance purposes. The interest rate of the equity instrument is 4.85% per annum for the first three interest-bearing years and are paid annually from 5 December 2019 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every three years. The equity instrument has no fixed expiry dates and may be redeemed by the Company at the par value, together with a payment of any accrued, unpaid or deferred interest on or after 5 December 2021 or later every three interest-bearing years.

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CAPITAL STRUCTURE

The Group's capital structure consists of equity interests attributable to Shareholders and liabilities. As at 31 December 2019, the Group's equity interests attributable to Shareholders amounted to RMB55,037.978 million (31 December 2018: RMB52,402.988 million); the total liabilities amounted to RMB117,069.543 million (31 December 2018: RMB106,480.975 million) and the total assets amounted to RMB172,107.521 million (31 December 2018: RMB158,883.963 million). For the significant changes in the Group's assets and liabilities during the Reporting Period, please refer to "IV. Assets and Liabilities" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report

As at 31 December 2019, the gearing ratio of the Group was 68% (31 December 2018: 67%), representing a year-on-year increase of 1%. The Group is committed to maintaining an appropriate combination of equity and liability, in order to maintain an effective capital structure and provide maximum returns for shareholders. (Note: the gearing ratio is calculated based on the Group's total debts divided by its total assets as at the respective dates.)

FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The 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 arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk 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 notes IV. 3, 16 and 45 and XIV. 4 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

INTEREST RATE RISK

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. As at 31 December 2019, the Group held 13 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of approximately USD2,010.207 million, which will be expired from 1 March 2020 to 28 June 2021, respectively. As at 31 December 2019, the fair value of the interest rate swap contracts of the Group amounted to RMB42.830 million. Transaction costs on realization have not been considered when calculating the fair value. For details, please refer to notes IV. 3, 16, and 45 and XIV. 3 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

CREDIT RISK

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

CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital expenditure commitments of approximately RMB340.141 million (31 December 2018: RMB2,010.583 million), which was mainly used for fixed assets purchase contracts entered into but not performed or performed partially, external investment contracts entered into but not performed or performed partially and vessels manufactured for sales or lease. For details, please refer to note XI. 1(1) to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

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 2019, please refer to note IV. 18 and note VI to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report for details.

PLEDGE OF ASSETS

As at 31 December 2019, restricted assets of the Group amounted to a total of RMB18,543.985 million (31 December 2018: RMB9,741.784 million). For details of the Group’s pledge of assets, please refer to note IV.29 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period, apart from an additional major associated company, Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.* (深圳市太子灣商融置業有限公司), the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures. During the Reporting Period, no significant investment accounted for 5% or more of the total assets of the Company at the balance sheet date. Please refer to notes IV. 18.(3) and note V to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report for details.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS, EXPECTED SOURCE OF FUNDING, CAPITAL EXPENDITURE AND FINANCING PLAN

The Group’s operating and capital expenditures are mainly financed by our own funds and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group’s strategic upgrade and business development, the capital expenditure of the Group is expected to be approximately RMB5.490 billion in 2020, mainly used in the acquisition of fixed assets, intangible assets and long-term assets etc. The Group will continue to consider various types of financing arrangements.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no contingent liabilities (the Group had no contingent liabilities in 2018).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, there were approximately 49,715 employees of the Group (31 December 2018: 51,253 employees) in the PRC. For composition of the employees, please refer to “VII. Employees of the Company” of “Chapter X Information on Directors, Supervisors, Senior Management and Employees” in this Report. The total staff cost during the Reporting Period, including Directors’ remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB8,159.122 million (2018: approximately RMB8,839.348 million). For details, please refer to note IV. 58 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market conditions. The share option incentive scheme aims to recognize the previous contribution of Directors and core employees to the Group and reward them for their long-term services. 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.

EMPLOYEE TRAINING PROGRAMME

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

CHAPTER VI MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

EMPLOYEE PENSION SCHEME

The Group has provided employees with basic pension insurance arranged by local human resources and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organization. When employees retire, the local human resources and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the accounting periods when the employees render services and are charged to profit or loss or capitalized in costs of related assets. For details, please refer to note II. 24 and note IV. 58 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

SHARE OPTION INCENTIVE SCHEME

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

MARKET RISKS

For details of the Group’s market risks, please refer to “4. Main Risk Factors for Future Development of the Group” of “III. Future Development and Outlook” under “Chapter IV Report of the Board” in this Report.

DIVIDEND DISTRIBUTION

Based on the Group’s 2019 operating results and taking into account the Group’s overall financial position and cash flows, the Board recommended a final dividend of RMB1.2 for every 10 shares (including applicable taxes) for the year of 2019, no bonus shares will be issued, and no shares will be converted from capital reserve into share capital. The proposed dividend is expected to be payable on or around 30 June 2020. The proposed distribution plan of the final dividend of 2019 is subject to the Shareholders’ approval at the forthcoming annual general meeting of the Company for the year of 2019.

USE OF PROCEEDS FROM GLOBAL OFFERING OF CIMC VEHICLES

Since 11 July 2019, CIMC Vehicles has been listed on the Hong Kong Stock Exchange. CIMC Vehicles offered 265,000,000 H Shares in total in the global offering. After reducing underwriting commissions and expenses in relation to the global offering, the net proceeds received by CIMC Vehicles from the global offering amount to approximately HK\$1,575.2 million. The nominal value of H Shares of CIMC Vehicles is RMB1.00 per share.

On 5 December 2019, the board of directors of CIMC Vehicles resolved to change the use of the net proceeds, please refer to the announcement on the change in use of the net proceeds from the global offering issued by CIMC Vehicles on the same day for details.

CHAPTER VI

MANAGEMENT DISCUSSION AND ANALYSIS PREPARED IN
ACCORDANCE WITH THE HONG KONG SECURITIES REGULATORY RULES

Use of the net proceeds received by CIMC Vehicles from the global offering and the use ended 31 December 2019 are as below, which are planned to be utilized in the next five years:

Intended use of net proceeds	Intended amount (HK\$'million)	Utilised amount as of 31 December 2019 (HK\$'million)	Unutilised amount as of 31 December 2019 (HK\$'million)
Develop new manufacturing or assembly plants and upgrade the marketing model	1,102.7	–	1,102.7
– Develop a new automated production facility for chassis trailers in the coastline regions along the eastern or southern US	220.5	–	220.5
– Develop a new assembly plant for high-end refrigerated trailers in the UK or Poland	220.5	–	220.5
– Develop a new automated production facility for refrigerated trailers in Monon, the US	165.4	–	165.4
– Develop a new assembly plant for curtain-side trailers in the Midlands region of the UK	165.4	–	165.4
– Develop a new assembly plant for swap bodies and chassis and flatbed trailers in the Netherlands	105.3	–	105.3
– Develop a new assembly plant for refrigerated trailers in Canada	39.0	–	39.0
– Develop a new manufacturing plant in Jiangmen	87.0	–	87.0
– Upgrade the marketing model in China	99.6	–	99.6
Research and develop new products	157.5	–	157.5
– Develop high-end refrigerated trailers	63.0	–	63.0
– Develop other smart trailers	31.5	–	31.5
– Invest in product standardization, unit weight reduction and modulization in European and US plants	31.5	–	31.5
– Develop other trailer products	31.5	–	31.5
Repay the principal amount and interests of bank borrowings	157.5	–	157.5
Working capital and general corporate purposes	157.5	1.3	156.2
Total	1,575.2	1.3	1,573.9

CHAPTER VII

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year of 2019, the Supervisory Committee of the Company has performed and discharged its duties and responsibilities conscientiously in accordance with the relevant provisions of the PRC Company Law and the Articles of Association.

I. MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal	Resolution	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 1st meeting in 2019 of the 8th session of the Supervisory Committee	2019.3.27	Lin Feng/ Wang Hongyuan/ Xiong Bo	1. Proposal regarding the 2018 Work Report of the Supervisory Committee;	1. Resolution regarding the 1st meeting in 2019	www.cninfo.com.cn www.hkexnews.hk	2019.3.28
			2. Proposal regarding the 2018 Annual Report;	2. Opinion on the execution of ordinary related-party transactions/continuing connected transaction between the Company and with COSCO SHIPPING Development in 2018		
			3. Proposal regarding the 2018 Assessment Report on Internal Control of China International Marine Containers (Group) Co., Ltd.;			
			4. Proposal regarding the Implementation of the Accounting Standards for Business Enterprises No.21 – Leases;			
			5. Proposal regarding the Profit Distribution and Dividend Payment Plan for the year 2018;			
			6. Proposal regarding the Execution of Ordinary Related-party Transactions/ Continuing Connected Transaction in 2018;			
			7. Proposal regarding the Nomination of Supervisors Representing Shareholders for the 9th Session of the Supervisory Committee			
			8. Proposal regarding Shareholders' Return Plan in Next Three Years (2019-2021)			
The 2nd meeting in 2019 of the 8th session of the Supervisory Committee	2019.4.29	Lin Feng/ Wang Hongyuan/ Xiong Bo	Proposal regarding the First Quarterly Report of 2019	Audit opinion on the first quarterly report of 2019	www.cninfo.com.cn www.hkexnews.hk	–
The 1st meeting in 2019 of the 9th session of the Supervisory Committee	2019.6.3	Lin Feng/ Lou Dongyang/ Xiong Bo	Proposal regarding the Election of the Chairman of the Supervisory Committee	Resolution in respect of the 1st meeting of the 9th session of the Supervisory Committee in 2019	www.cninfo.com.cn www.hkexnews.hk	2019.6.4

CHAPTER VII
REPORT OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal	Resolution	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 2nd meeting in 2019 of the 9th session of the Supervisory Committee	2019.8.27	Lin Feng/ Lou Dongyang/ Xiong Bo	Proposal regarding the 2019 Interim Report	Audit opinion on the 2019 interim report	www.cninfo.com.cn www.hkexnews.hk	-
The 3rd meeting in 2019 of the 9th session of the Supervisory Committee	2019.10.28	Lin Feng/ Lou Dongyang/ Xiong Bo	Proposal regarding the Third Quarterly Report of 2019	Audit opinion on the third quarterly report of 2019	www.cninfo.com.cn www.hkexnews.hk	-

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

II. 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 during the Reporting Period.

III. 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 Company Law and the Articles of Association. During the year, the members of the Supervisory Committee attended all board meetings. They conducted supervision on the convening and decision-making procedures of the Shareholders' meeting and the Board meetings, 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 legal procedures and its internal control system is sound. They are of the view that none of the Directors, the CEO and president as well as 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 or employees.

CHAPTER VII 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**

The proceeds of the Company have been used up during the Reporting Period.

4. **Opinion of the Supervisory Committee on the Acquisition and Disposal of Assets by the Company**

During the Reporting Period, no insider trading in relation to the acquisition/disposal of assets by the Company was discovered.

5. **Opinion of the Supervisory Committee on Ordinary Related-party Transactions/Continuing Connected Transactions of the Company**

The continuing connected transactions/ordinary related-party transactions between the Company and COSCO SHIPPING Development Co., Ltd. ("COSCO SHIPPING Development") and its subsidiaries and associates as well as Merchants Shekou were entered into in the ordinary course of business and on normal commercial terms or more favorable and the transactions are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole. (Supervisor Lin Feng (林鋒) has abstained from voting on the continuing connected transactions/ordinary related-party transactions with COSCO SHIPPING Development, its subsidiaries and associates due to his position in COSCO SHIPPING Development and its associates; Supervisor Lou Dongyang has abstained from voting on the continuing connected transactions/ordinary related-party transactions with Merchants Shekou due to his positions in China Merchants Industry Holdings Company Limited and its associates.)

CHAPTER VII
REPORT OF THE SUPERVISORY COMMITTEE

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 requirements of Basic Norms for Enterprise Internal Controls and the auxiliary guidelines on corporate internal control as well as the Internal Control Guidelines for Companies Listed on the Shenzhen Stock Exchange, the Supervisory Committee is of the view: 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; Assessment Report on Internal Control of CIMC for 2019 objectively and truly represents how the Company's internal control system was established, operated, examined and supervised.

By Order of the Supervisory Committee
Lin Feng
Chairman of the Supervisory Committee

Shenzhen, the PRC
March 2020

CHAPTER VIII

SIGNIFICANT EVENTS

I. PROFIT DISTRIBUTION OF ORDINARY SHARES AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES OF THE COMPANY

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

Applicable Not Applicable

The Company has adopted a stable dividend distribution policy in strict compliance with its relevant commitments in the Articles of Association. At present, the Company distributes dividend to Shareholders once a year, namely the final dividend, and 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 welcome from its Shareholders and fully protects the interests of its minority Shareholders. The Articles of Association specifically stipulates the Company's dividend distribution: the Company's final dividend will be determined at the general meeting by way of ordinary resolutions. The Company 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.

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

Particulars of Cash Dividend Policy

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

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

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 2019: based on the total share capital of the Company as at the dividend payment record date for the year of 2019, we distributed RMB1.2 in cash (including tax) for every 10 shares, no bonus shares will be issued, and no shares will be issued by way of conversion of capital reserve. If calculated based on the total share capital of 3,584,504,382 shares of the Company as at 31 December 2019, it is expected that a total dividend of RMB430.141 million will be distributed. The proposed dividend is expected to be payable on or around 30 June 2020. The annual dividend-distribution plan for 2019 shall be submitted to the Company's annual general meeting for consideration and approval.

CHAPTER VIII SIGNIFICANT EVENTS

- The dividend payment plan for the year of 2018: based on the total share capital of the Company as at the dividend payment record date for the year of 2018, we distributed RMB5.5 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB1,641.980 million, no bonus shares were issued, and additional 2 new shares will be issued to all Shareholders for every 10 shares being held by way of conversion of capital surplus and the accumulative converted shares are 597,088,446 (including 253,773,125 A Shares and 343,315,321 H Shares).
- The dividend payment plan for the year of 2017: based on the total share capital of the Company as at the dividend payment record date for the year of 2017, we distributed RMB2.70 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB806.533 million, no bonus shares were issued, and no shares was issued by way of conversion of capital reserve.

Cash dividend payments of ordinary shares of the Company for the past three years (including the Reporting Period)

Unit: RMB thousand

Year	Amount of cash dividend (including tax)	Net profit attributable to ordinary Shareholders and other equity holders of the Company in the consolidated statements of the year declaring	% of amount of cash dividend to net profit attributable to ordinary Shareholders and other equity holders of the Company in the consolidated statements	Amount of cash dividend in other ways (i.e. share repurchase)	% of amount of cash dividend in other ways to net profit attributable to ordinary Shareholders of the Company in the consolidated statements	Cash dividend (including other ways) in total	% of cash dividend (including amount in other ways) in total to net profit attributable to ordinary Shareholders of the Company in the consolidated statements
2019 (Proposal)	430,141	1,542,226	27.89%	0	0.00%	430,141	27.89%
2018	1,641,980	3,380,436	48.57%	0	0.00%	1,641,980	48.57%
2017	806,533	2,509,242	32.14%	0	0.00%	806,533	32.14%

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

Applicable Not Applicable

CHAPTER VIII
SIGNIFICANT EVENTS

II. DESCRIPTION OF PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES DURING THE REPORTING PERIOD

Applicable Not Applicable

Number of bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	1.2
Number of shares converted for every 10 shares (share)	0
Basis of share capital of distribution plan (share)	3,584,504,382
Amount of cash dividend (RMB thousand) (including tax)	430,141
Amount of cash dividend in other ways (i.e. share repurchase) (RMB)	0
Cash dividend in total (including amount in other ways) (RMB thousand) (tax included)	430,141
Distributable profit (RMB thousand)	6,991,814
% of cash dividend in total (including amount in other ways) to profit distribution	100%

Description of cash dividend

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

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

Based on the Group's 2019 operation results and taking into account the Group's overall conditions of financial position and cash flows, the Board recommended a final dividend of RMB1.2 per 10 shares (including applicable taxes) for the year of 2019, no bonus shares will be issued, and no shares will be issued by way of conversion of capital reserve. The proposed distribution plan for the final dividend of 2019 is subject to Shareholders' approval at the annual general meeting.

CHAPTER VIII
SIGNIFICANT EVENTS**III. PERFORMANCE OF COMMITMENTS****1. Commitments Performed during the Reporting Period and Not Yet Fulfilled as at the End of the Reporting Period by the Company, Shareholders, the De Facto Controller, Acquirer, Director, Supervisor, Senior Management or Other Related Parties**✓ Applicable Not Applicable

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority Shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so, domestic residents can only hold or sell its H Shares of the Company of which they legally possess due to the change of listing location of stocks of the Company, they are not eligible to subscribe the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment.	2012/8/15	Before domestic residents are free to buy overseas stocks.	In progress
	The Company	Shareholders' bonus return plan (2019 to 2021)	2019/3/27	2019 to 2021	In progress
The commitment is fulfilled in a timely manner or not					

2. The Company Has Made Profit Forecasts on its Assets or Projects, and the Profit Forecast Period is within the Reporting Period. The Company Has to State Whether the Original Profit Forecasts on Assets or Projects are Fulfilled and the Reasons Therefore Applicable ✓ Not Applicable

CHAPTER VIII SIGNIFICANT EVENTS

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

Applicable Not Applicable

There was no appropriation of funds of the listed Company for non-operating purposes by controlling Shareholders and their related parties during the Reporting Period.

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

Applicable Not Applicable

VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND AUDIT METHOD IN COMPARISON WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR

Applicable Not Applicable

For details of the changes in accounting policies, accounting estimates and accounting methods, please refer to note II. 32 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

VII. EXPLANATION OF RETROSPECTIVE RESTATEMENT FOR ADJUSTMENT OF SIGNIFICANT ACCOUNTING ERRORS OCCURRED DURING THE REPORTING PERIOD

Applicable Not Applicable

During the Reporting Period, there were no retrospective restatements of significant accounting errors occurred to the Company.

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

Applicable Not Applicable

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

CHAPTER VIII
SIGNIFICANT EVENTS

IX. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

The firms of accountants engaged currently

The engaged firm of accountants in the mainland	PricewaterhouseCoopers Zhong Tian LLP
Payment for the accountants	RMB11.41 million (including: the auditing fees amounting to RMB9.21 million and the auditing fees for the internal control amounting to RMB2.20 million)
Continuing service year of the accountants	8 years
CPA of the accountants	Cao Cuili, Guo Suhong

Whether to appoint another accounting firm during the Reporting Period

Yes No

The Company did not change its auditor over the past five years.

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

Applicable Not Applicable

During the Reporting Period, the Company engaged PricewaterhouseCoopers Zhong Tian LLP as its accounting firm for internal control and auditing purposes. The auditing fees for internal control for the year 2019 were RMB2.20 million.

X. SUSPENSION IN TRADING OR DELISTING UPON DISCLOSURE OF ANNUAL REPORT

Applicable Not Applicable

XI. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable Not Applicable

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

XII. MATERIAL LAWSUITS AND ARBITRATIONS

Applicable Not Applicable

Please refer to "3" of "XX. Significant Events of Subsidiaries" under "Chapter VIII Significant Events" for the detail of the material lawsuits or arbitrations of the Group.

CHAPTER VIII SIGNIFICANT EVENTS

XIII. PENALTIES AND REMEDIES

Applicable Not Applicable

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

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

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

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

1. A Share(s) 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 Company and its employees, the A Share(s) Share Option Incentive Scheme was considered and approved at the extraordinary general meeting of the Company on 17 September 2010. According to such scheme, the first tranche of 54,000,000 share options ("First Tranche of Share Options") were registered on 26 January 2011 and the reserved 6,000,000 share options ("Second Tranche of Share Options") were registered on 17 November 2011. The effective period of the scheme shall be 10 years from the initial grant date of the share option (28 September 2010).

Upon the consideration and approval at the eighth meeting of the seventh session of the Board in 2015, the second exercisable period for the First Tranche of Share Options has met the exercise conditions on 12 May 2015 and its actual exercisable period was from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000. Upon the consideration and approval at the fourteenth meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options has met the exercise conditions on 9 October 2015 and its actual exercisable period was from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500. As at 28 June 2019, upon the consideration and approval at the second meeting of the ninth session of the Board in 2019 and the implementation of the annual interest distribution plan of the Company for 2018, the remaining exercisable options for the second exercisable period for the First Tranche of Share Options amounted to 19,456,488 and the remaining exercisable options for the second exercisable period for the Second Tranche of Share Options amounted to 2,670,660. The adjusted option exercise price for the First and Second Tranche of Share Options is RMB8.06/option and RMB12.67/option, respectively. For relevant specific information about the beneficiaries, the number of options and the exercise price of options, please refer to the announcements of the Company published on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 13 May 2015, 9 October 2015 and 28 June 2019.

CHAPTER VIII SIGNIFICANT EVENTS

In 2019, a total of 2,427,000 options were exercised under the A Share(s) Share Option Incentive Scheme, representing 4.15% of the total options (after adjustment), among which 2,427,000 share options of the First Tranche of Share Options were exercised and 0 share options of the Second Tranche of Share Options were exercised. As at 31 December 2019, a total of 28,691,285 options were exercised under the A Share(s) Share Option Incentive Scheme, representing 49.01% of the total options (after adjustment). The implementation of the A Share(s) Share Option Incentive Scheme had no material impact on the financial conditions and operating results of the Company both during the Reporting Period and in the future.

Movements of the share options granted by the Company in the year as at 31 December 2019 are set out as below:

	Date of grant	Number of underlying shares comprised in A share options							Exercise price per share (RMB)	Exercise period
		Balance as at 1 January 2019 (share)	Exercisable during the year (share)	Transferred to/from other categories during the year (share) (Note)	Granted during the year	Exercised during the year (share)	Lapsed during the year (share)	Balance as at 31 December 2019 (share)		
Director Mai Boliang	2010.9.28	2,850,000	2,850,000	570,000	-	-	-	3,420,000	8.06	2015.6.2 to 2020.9.27
Other senior management (Total)	2010.9.28	2,913,750	2,913,750	(317,250)	-	-	-	2,596,500	8.06	2015.6.2 to 2020.9.27
Other employees	2010.9.28	10,828,290	10,828,290	2,974,998	-	(2,427,000)	-	11,376,288	8.06	2015.6.2 to 2020.9.27
	2011.9.22	2,225,550	2,225,550	445,110	-	-	-	2,670,660	12.67	2015.10.24 to 2020.9.27
Total	-	18,817,590	18,817,590	3,672,858	-	(2,427,000)	-	20,063,448	-	-

Notes: 1. During the Reporting Period, the number of share options held by the senior management at the beginning of period shall be subject to additional 2 new shares issued for every 10 shares in the profit distribution plan due to the implementation of the 2018 profit distribution plan.

2. During the Reporting Period, Mr. Wu Fapei left office due to the expiration of the term. The 900,000 unexercised A share(s) share options held by Mr. Wu Fapei have been classified into "Other employees".

Save as disclosed above, no share option of A Shares has been granted, exercised, lapsed or cancelled for the year ended 31 December 2019.

CHAPTER VIII SIGNIFICANT EVENTS

2. Share Option Incentive Scheme of the Subsidiary CIMC Enric:

CIMC Enric approved and adopted a share option plan 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 to a total of 43,750,000 ordinary shares (“2009 Enric Share Options”), which have expired on 10 November 2019; CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the plan, in order to subscribe to a total of 38,200,000 ordinary shares (“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 to a total of 38,420,000 ordinary shares (“2014 Enric Share Options”). Please refer to the related announcements of CIMC Enric as well as the regular reports of the Company published on the website of the Hong Kong Stock Exchange.

During the Reporting Period, 2,330,000 share options of the 2009 Enric Share Options, 0 share options of the 2011 Enric Share Options and 330,000 share options of the 2014 Enric Share Options were lapsed. The table below sets out the changes in the share options granted under the share option incentive plan of CIMC Enric for the year ended 31 December 2019:

Date of Grant	Number of underlying shares comprised in share options						Balance as at 31 December 2019	Exercise price per share (HK\$)	Exercise period
	Balance as at 1 January 2019	Granted during the year	Exercised during the year	Transferred to/from other categories during the year	Lapsed during the year				
Directors of CIMC Enric									
Gao Xiang	2009.11.11	1,000,000	-	(1,000,000)	-	-	-	4.00	2010.11.11-2019.11.10
	2011.10.28	500,000	-	-	-	-	500,000	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Yang Xiaohu	2009.11.11	164,000	-	(164,000)	-	-	-	4.00	2010.11.11-2019.11.10
	2011.10.28	200,000	-	-	-	-	200,000	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Yu Yuqun	2009.11.11	698,000	-	(698,000)	-	-	-	4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Zeng Han	2009.11.11	250,000	-	(250,000)	-	-	-	4.00	2010.11.11-2019.11.10
Tsui Kei Pang	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Zhang Xueqian	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04

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Number of underlying shares comprised in share options									
		Balance	Granted	Exercised	Transferred	Lapsed	Balance	Exercise	
	Date of Grant	as at	during	during	to/from	during	as at	price	Exercise period
		1 January	the year	the year	other	the year	31 December	per share	
		2019			categories		2019	(HK\$)	
					during				
					the year				
Employees of	2009.11.11	6,092,000	-	(5,312,000)	-	(780,000)	-	4.00	2010.11.11-2019.11.10
CIMC Enric	2011.10.28	14,936,000	-	(934,000)	-	-	14,002,000	2.48	2013.10.28-2021.10.27
	2014.06.05	26,930,000	-	-	-	(160,000)	26,770,000	11.24	2016.06.05-2024.06.04
Other participants	2009.11.11	6,550,000	-	(5,000,000)	-	(1,550,000)	-	4.00	2010.11.11-2019.11.10
	2011.10.28	1,730,000	-	(76,000)	-	-	1,654,000	2.48	2013.10.28-2021.10.27
	2014.06.05	4,900,000	-	-	-	(170,000)	4,730,000	11.24	2016.06.05-2024.06.04
Total	-	66,550,000	-	(13,434,000)	-	(2,660,000)	50,456,000	-	-

- Notes:
- For the share options granted at 11 November 2009: Subject to certain conditions as stated in the offer letter to the respective grantee, 50% of share options granted to any grantees become exercisable from 11 November 2010 and up to 10 November 2019; the remaining 50% become exercisable from 11 November 2011 and up to 10 November 2019. The exercise price of all the options granted is HK\$4.00 per share. Such share options were lapsed.
 - Regarding the share options granted on 28 October 2011: Subject to certain conditions as stated in the offer letter to the respective grantee, 40% of the options granted to any grantee become exercisable from 28 October 2013 and up to 27 October 2021; 30% of which become exercisable from 28 October 2014 and up to 27 October 2021; and the remaining 30% of which become exercisable from 28 October 2015 and up to 27 October 2021. The exercise price of all the options granted is HK\$2.48 per share.
 - Regarding the share options granted on 5 June 2014: Subject to certain conditions as stated in the offer letter to the respective grantee, 40% of the options granted to any grantee become exercisable from 5 June 2016 and up to 4 June 2024; 30% of which become exercisable from 5 June 2017 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2018 and up to 4 June 2024. The exercise price of all the options granted is HK\$11.24 per share.
 - The weighted average closing price of the shares immediately before the dates on which the options were exercised during the year ended 31 December 2019 was HK\$5.05 per share.

Saved as disclosed above, no options were granted, exercised, lapsed or cancelled by CIMC Enric for the year ended 31 December 2019.

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Restricted share award scheme

CIMC Enric approved and adopted issuance and allotment of a total of up to 50,000,000 restricted shares to the trustee as shares held in trust by selected participants to participate in the award scheme, and granted restricted shares to directors and other related selected participants at its extraordinary general meeting held on 10 August 2018, so as to motivate the senior management and core staff as well as retain core staff for a long period to promote its business development and progress together. The restricted shares and the related distribution shall be transferred to the selected participants when the relevant vesting conditions have been satisfied. Unless the restricted shares have been vested to the selected participant, every selected participant shall only have a contingent interest in the restricted shares awarded to them, subject to the fulfillment of vesting conditions of the scheme. Before vesting of the restricted shares and the related distribution, the selected participants have no rights to transfer any of his/her rights under the scheme. Vesting of the restricted shares is conditional on the net profit of the company and individual assessments of the selected participants on each of the vesting period. The trustee shall not exercise the voting rights in respect of any restricted shares held on trust by the trustee for the selected participants before vesting. On 24 August 2018, the conditions precedent under the award scheme were fulfilled, and a total of 46,212,500 restricted shares were allotted to and accepted by the selected participants. For details, please refer to the relevant announcements of CIMC Enric published on the website of the Hong Kong Stock Exchange. A total of 3,400,000 restricted shares were granted to the directors in 2018. As the vesting conditions for the first vesting period have been met, on 31 December 2019, a total of 1,020,000 restricted shares have been vested in the directors of CIMC Enric as follows:

Directors of CIMC Enric	Date of grant	Number of restricted shares			As at 31 December 2019	Vesting period
		As at 1 January 2019	Granted during the Reporting Period	Vested during the Reporting Period		
Gao Xiang	2018.8.24	1,000,000	–	(300,000)	700,000	2018.6.26-2022.6.25
Yang Xiaohu	2018.8.24	1,200,000	–	(360,000)	840,000	2018.6.26-2022.6.25
Yu Yuqun	2018.8.24	400,000	–	(120,000)	280,000	2018.6.26-2022.6.25
Wang Yu	2018.8.24	400,000	–	(120,000)	280,000	2018.6.26-2022.6.25
Zeng Han	2018.8.24	400,000	–	(120,000)	280,000	2018.6.26-2022.6.25
Total	–	3,400,000	–	(1,020,000)	2,380,000	–

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3. CIMC TianDa

Equity-settled share option scheme

The shareholders of CIMC TianDa adopted a share option scheme (hereinafter referred to as “CIMC TianDa Share Option Scheme”) on 29 May 2009. The CIMC TianDa Share Option Scheme shall be valid and effective until the close of business of CIMC TianDa on the date which falls 10 years after the date of adoption, after which period no further share options will be granted. The total number of shares in respect of which share options may be granted under the CIMC TianDa Share Option Scheme when aggregated with any shares subject to any other schemes did not exceed 285,500,000 shares of CIMC TianDa. Share options may be exercised at any time from the date of acceptance of the share options to such date as determined by the board of directors but the exercise period of the options is in any event not exceeding 10 years.

During the Reporting Period, no share options were granted, exercised or cancelled under the CIMC TianDa Share Option Scheme. As at 31 December 2019, the changes in the CIMC TianDa Share Option Scheme are as follows:

CIMC TianDa Share Option Scheme	Number of options	Exercise price (HK\$)
Outstanding as at 1 January 2019 and 31 December 2019	115,625,000	0.42
Exercisable as at the end of the Reporting Period	115,625,000	0.42

As at 31 December 2019, details of the share options granted under CIMC TianDa Share Option Scheme to certain directors and employees of CIMC TianDa are as follows:

Number of shares of HK\$0.01 each of CIMC TianDa issuable under the CIMC TianDa Share Option Scheme						
	Outstanding as at 1 January 2019	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 31 December 2019	Exercise price (HK\$)	Percentage of issued share capital of CIMC TianDa
Directors of CIMC TianDa						
Jiang Xiong	4,000,000	–	–	4,000,000	0.42	0.025%
Loke Yu	4,000,000	–	–	4,000,000	0.42	0.025%
Heng Ja Wei	4,000,000	–	–	4,000,000	0.42	0.025%
Ho Man	2,000,000	–	–	2,000,000	0.42	0.013%
Subtotal	14,000,000	–	–	14,000,000		0.088%
Other employees	101,625,000	–	–	101,625,000	0.42	0.638%
Total	115,625,000	–	–	115,625,000		0.726%

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XVI. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions as Defined by Domestic Laws and Regulations

1. Connected Transactions Relating to Daily Operations

Unit: RMB thousand

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle	Price	Amount	Proportion to transaction amount of the same category	Approved cap	Whether approved cap has exceeded	Settlement method	Available market price of the same transaction category	Disclosure date	Disclosure index
ORIENT OVERSEAS CONTAINER LINE LTD	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	45,345	-	-	-	-	-	-	-
Dong Fang International Container (Lianyungang) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	19,303	-	-	-	-	-	-	-
Dong Fang International Container (Jin zhou) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	13,743	-	-	-	-	-	-	-
Y&C Engine Co., Ltd.	Joint venture	Sale of goods	Sale of goods	Regular commercial terms	-	9,763	-	-	-	-	-	-	-
Dong Fang International Container (Guangzhou zhou) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	5,813	-	-	-	-	-	-	-
Huanyu Dong Fang International Container (Ningbo) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	3,429	-	-	-	-	-	-	-
Florens Container Investment (SPV) Limited	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	126	-	-	-	-	-	-	-
Y&C Engine Co., Ltd.	Joint venture	Purchase of goods	Purchase of goods	Regular commercial terms	-	565,953	-	-	-	-	-	-	-
Total					-	663,475	-	-	-	-	-	-	-

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Details of substantial sales return	Nil
Projected total amount of related-party transactions in the ordinary course of business during the current period by type and actual performance during the Reporting Period (if any)	In 2019, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Group was RMB87.759 million, which did not exceed the annual caps for the year ended 31 December 2019 of RMB5.0 billion as agreed in the Supplemental Agreement to the Commodity Sales Framework Agreement signed by both parties on 29 March 2018.

In 2019, the actual total amount of continuing connected transactions between the Group and Merchants Shekou did not exceed the caps as agreed in the Framework Agreement on the Borrowing of Surplus Funds entered into between both parties on 30 October 2019. For actual transaction details of the continuing connected transactions between the Group and Merchants Shekou, please refer to “(2) Total Transaction Amount of 2019” of “2. Continuing Connected Transactions/ Ordinary Related-Party Transactions” of “B” under “(I) Connected Transactions Defined in accordance with the Hong Kong Listing Rules” of “XVI. MATERIAL CONNECTED TRANSACTIONS” of “Chapter VIII Significant Events” in this report.

Reason for the substantial difference between transaction prices and referential market prices (if applicable)	N/A
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2. Connected Transactions Relating to Assets or Equity Interest Acquisition and Disposal

Applicable Not Applicable

3. Connected Transactions Relating to Joint External Investments

Applicable Not Applicable

4. Claims and Liabilities among the Connected Transactions

Applicable Not Applicable

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

Yes No

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

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5. Other Material Connected Transactions

Applicable Not Applicable

Relevant information regarding the temporary announcement disclosure websites for significant related party transactions

Name of temporary announcement	Disclosure date of temporary announcement	Disclosure site of temporary announcement
Announcement regarding the connected transaction in relation to subscription of rights shares in TSC Group by CIMC Hong Kong, a wholly-owned subsidiary of the Company	24 January 2019	www.cninfo.com.cn ; www.hkexnews.hk ;
Announcement regarding the connected transaction in relation to signing the equity transfer agreements by a subsidiary of the Company	12 April 2019	
Announcement in respect of the connected transaction in relation to the acceptance and provision of financial assistance by a subsidiary of the Company	30 October 2019	
Announcement regarding the expectation on continuing connected transaction and ordinary connected transaction for 2020-2022	30 October 2019	

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

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

1. Connected Transactions:

- (1) On 19 December 2018, the Resolution on Participating in the Rights Issue of TSC Group Holdings Limited was considered and approved at the twenty-fifth meeting in 2018 of the eighth session of the Board of directors of the Company, pursuant to which it was agreed that CIMC HK, a wholly-owned subsidiary of the Company, will participate in the rights issue at a ratio of 1:1 in accordance with the 92,800,000 shares held by it and the subscription price is at HK\$0.45, and the subscription amount is HK\$41.76 million (hereinafter referred to as the “**Subscription**”). The independent Directors of the eighth session of the Board of directors of the Company have expressed their independent opinions thereon. On 24 January 2019, the Group paid the amount of HK\$41,760,000 in cash to subscribe for 92,800,000 shares.

On 24 January 2019, China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (hereinafter referred to as the “**Fund**”), indirectly controlled by China Merchants Group, is the controlling shareholder and interested in 765,186,000 shares of TSC Group, representing approximately 51.94% of the issued share capital of TSC Group. China Merchants Group is indirectly interested in 733,691,017 shares of the Company, approximately 24.58% of the issued share capital of the Company. The Company is indirectly interested in 92,800,000 shares of TSC Group, approximately 6.30% of the issued share capital of TSC Group. As such, China Merchants Group and TSC Group are the connected parties of the Company. The Subscription and the transactions contemplated thereunder will constitute the connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined in the Listing Rules) of the Subscription are less than 5%, the Subscription is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules, but is exempt from the circular (including independent financial opinions) and independent shareholders’ approval requirements. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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- (2) On 12 April 2019, Zhenhua Logistics Group Co., Ltd.* (振華物流集團有限公司), a subsidiary of the Company (hereafter referred to as “Zhenhua Logistics Group”), and SPEEDIC ENTERPRISE CORP, a wholly-owned subsidiary of the Company (hereafter referred to as “SPEEDIC”) entered into equity transfer agreements with COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司) (hereafter referred to as “COSCO SHIPPING Lines”) respectively, pursuant to which, Zhenhua Logistics Group and SPEEDIC transferred their 24% and 36% equity interest in Tianjin Port CIMC Zhenhua Logistics Co., Ltd.* (天津港中集振華物流有限公司) (“Tianjin Port CIMC Zhenhua Logistics”) to COSCO SHIPPING Lines at the consideration of RMB32,038,434.54 and RMB48,057,651.81 respectively. Upon completion of the transactions, Zhenhua Logistics Group, COSCO SHIPPING Lines and Tianjin Port International Logistics Development Co., Ltd.* (天津港國際物流發展有限公司) will hold 6%, 60% and 34% equity interest in Tianjin Port CIMC Zhenhua Logistics respectively, and SPEEDIC will no longer hold shares in Tianjin Port CIMC Zhenhua Logistics. Tianjin Port CIMC Zhenhua Logistics will no longer be included in the consolidated statements of the Group.

Tianjin Port International is a third party independent of the Company and its connected persons. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) under the an equity transfer agreement entered into by Zhenhua Logistics Group and Tianjin Port International is not exceeding 5%, and Tianjin Port International is a third party independent of the Company and its connected persons, the transaction does not constitute a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules. China COSCO Shipping Corporation Limited (hereinafter referred to as “China COSCO Shipping”) is a substantial shareholder of the Company and a connected party of the Company in accordance with the Hong Kong Listing Rules. COSCO SHIPPING Lines is an associate of COSCO SHIPPING Group in accordance with the Hong Kong Listing Rules. Therefore, the equity transfer agreement, Zhenhua Logistics and SPEEDIC entered into respectively with COSCO SHIPPING, constitutes a connected transaction of the Company in accordance with Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in the combined calculation exceed 0.1% but are less than 5%, was exempted from compliance with circulars (including independent financial opinions) and independent shareholders’ approval requirements pursuant to the reporting and announcement requirements under Rule 14A.76 (2) of the Listing Rules. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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- (3) On 1 August 2019, CIMC Skyspace Real Estate, entered into the Cooperation Agreement with Shenzhen Country Garden Property Investment Co., Ltd. (深圳市碧桂園房地產投資有限公司) (hereafter referred to as “**Shenzhen Country Garden**”). Pursuant to the Cooperation Agreement, Shenzhen Country Garden, the wholly-owned subsidiary of Country Garden, planned to make a capital injection of RMB33,333,333 and RMB33,333,333 respectively to Shenzhen Jihong Investment Co., Ltd. (深圳市集宏投資有限公司) (hereafter referred to as “**Jihong Investment**”) and Shenzhen Jiyuan Investment Co., Ltd. (深圳市集遠投資有限公司) (hereafter referred to as “**Jiyuan Investment**”) for the cooperative development of the Prince Bay Project. Upon the completion of the capital injection, Shenzhen Country Garden will respectively hold 40% equity interest in Jihong Investment and Jiyuan Investment, while CIMC Skyspace Real Estate will respectively hold 60% equity interest in Jihong Investment and Jiyuan Investment, both of which will be the non-wholly-owned subsidiaries of CIMC Skyspace Real Estate and the Company.

Since Country Garden is a substantial shareholder of CIMC Skyspace Real Estate, a subsidiary of the Company, holding 25% of its shares, and Shenzhen Country Garden is a wholly-owned subsidiary of Country Garden. Therefore, Shenzhen Country Garden is a connected party of the Company on the level of subsidiary under Rule 14A.07(4) of the Hong Kong Listing Rules. The transactions contemplated under the cooperation agreement therefore constitute connected transactions of the Company. However, as the applicable percentage ratio of the connected transactions proposed under the cooperation agreement exceeds 1% but is less than 5%, pursuant to Rule 14A.76(2) of the Hong Kong Listing Rules, the reporting and announcement requirements must be complied with but exempt from circular (including the opinion of an independent financial adviser) and independent shareholders’ approval requirements. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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2. Continuing Connected Transactions/Ordinary Related-Party Transactions

- A. The Company entered into a Commodity Sales Framework Agreement (the “**Framework Agreement**”) on 11 November 2016 with China Shipping Container Lines Co., Ltd. (renamed as COSCO SHIPPING Development Co., Ltd., “**COSCO SHIPPING Development**”), pursuant to which it was agreed that commodities (including but not limited to containers) were to be provided to COSCO SHIPPING Development and its subsidiaries as well as related companies (together the “**COSCO SHIPPING Development Group**”) and both parties reached an agreement on the annual transaction amount caps for the years ending 31 December 2017, 2018 and 2019. On 29 March 2018, the Company entered into Supplementary Agreement to the Commodity Sales Framework Agreement (the “**Supplementary Agreement**”) with COSCO SHIPPING Development, pursuant to which it was agreed that the annual caps of ordinary related-party transactions for 2018 and 2019 under the Framework Agreement will be adjusted.

- (1) Principal terms of the Framework Agreement are as follows:

Principle of price determination:

The prices of and other fees for the relevant commodities provided by the Group to COSCO SHIPPING Development Group shall be fair and reasonable and be determined according to the following principles: (a) where the bidding process is required, such bidding pricing; (b) where there is no bidding process, the Group will make reference to the market price (including the comparable local, domestic or international market price) based on the commodities’ type and quality. The business department of the Group will collect the market price information through independent industry associations; or (c) where neither of the above prices is applicable or where it is not practicable to apply the above pricing policies, the Group will negotiate the prices with COSCO SHIPPING Development Group on arm’s length basis after considering the cost, technology, quality and purchase amount of the commodities and the historical prices of the relevant commodities. The prices and terms so concluded shall be no less favourable to the Group than those offered by the Group for the supply of similar commodities to independent third parties.

Termination:

The agreement is valid for three years commencing from 1 January 2017 to 31 December 2019 (both dates inclusive). During the term of the agreement, each of the parties can serve a written notice not less than three months in advance to the other party to terminate any specific agreement under the agreement.

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- (2) Principal terms of the Supplementary Agreement are as follows:

The two parties agree to increase the annual caps of the ordinary connected transactions for 2018 and 2019 under the Framework Agreement from RMB550 million and RMB600 million to RMB4.60 billion and RMB5.00 billion, respectively. Other terms of the Framework Agreement are not changed.

- (3) Total transaction amount for 2019:

In 2019, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Group was RMB87.759 million, which did not exceed the caps for the year ended 31 December 2019 as agreed in the Supplementary Agreement.

- (4) Description of the connected (related) relationship between the parties to the transactions:

COSCO SHIPPING Development is the holding company of Long Honour Investments Limited ("Long Honour") and COSCO Container Industries Limited ("COSCO Container Industries") (holding a total of 518,606,212 A Shares and 295,010,617 H Shares, accounting for 22.70% of the total share capital of the Company as at the end of the Reporting Period). Therefore, COSCO SHIPPING Development and its subsidiaries are regarded as connected parties of the Company for the purpose of Chapter 14A of the Hong Kong Listing Rules. The transactions contemplated under the Framework Agreement entered into between the Group and COSCO SHIPPING Development Group constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Pursuant to Chapter 10 of the Shenzhen Listing Rules, COSCO SHIPPING Development and the Company are related parties to each other and therefore transactions between COSCO SHIPPING Development Group and the Group constitute ordinary related-party transactions.

- (5) Purpose of the transactions:

COSCO SHIPPING Development Group is principally engaged in providing integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing, and in particular it runs the world's largest container leasing business. Given the long-term reliable business relationships between the Group and COSCO SHIPPING Development and its subordinate companies, the uninterested Directors (including the independent non-executive Directors) consider that it is beneficial for the Group to contemplate the continuing connected transactions which will facilitate the operation and growth of the Group's main business. The uninterested Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement in respect of the continuing connected transactions (including the proposed annual caps) are fair and reasonable, the continuing connected transactions (including the proposed revision to the annual caps) are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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- (6) Further strengthening the internal control regarding continuing connected transactions:

The Company has established a series of measures and policies, including contract policies, connected transaction management measures and internal control management measures, in order to ensure that the continuing connected transactions are conducted in accordance with the commodity sales framework agreement. The Company's auditing and monitoring department will conduct unscheduled internal assessments on the internal control measures of the Company, to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective, and report the assessment result to the audit committee, board of directors and supervisory committee of the Company. The Company's external auditors will conduct an annual audit on the Company's internal control measures, and an annual review on the continuing connected transactions conducted under the Framework Agreement pursuant to the requirements under the Hong Kong Listing Rules. The Group will further enhance the monitoring of the continuing connected transactions, conduct more frequent checks and improve the reporting and documentation system of the Group. The Group will submit monthly estimates regarding the continuing connected transactions/ordinary related-party transactions for timely checkout of the transaction amounts involved therein.

- (7) On 30 October 2019, the Group and COSCO SHIPPING Development entered into "Framework Agreement of Commodities Sales between China International Marine Containers (Group) Co., Ltd. and COSCO SHIPPING Development Co., Ltd." (2020, 2021 and 2022) (the "**New Framework Agreement**") in respect of the continuing connected transactions in 2020, 2021 and 2022, to continue the continuing connected transactions thereunder and set new annual caps for years ended 31 December 2020, 2021 and 2022. The New Framework Agreement has been considered and approved at the 10th meeting of the 9th session of the Board of the Company in 2019 and at the 3rd extraordinary general meeting of 2019. The New Framework Agreement stipulated that the annual transaction caps in 2020, 2021 and 2022 for both parties are RMB2.3 billion, RMB2.7 billion and RMB3.0 billion, respectively. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-090, [CIMC]2019-091 and [CIMC]2019-103), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 30 October 2019 and 16 December 2019.

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- B. On 30 October 2019, Merchants Shekou and Shenzhen Jixing Development Co., Ltd. (深圳市集星發展有限公司) (“**Jixing Development**”) entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Taiziwan Commercial Real Estate Co., Ltd. (深圳市太子灣商融置業有限公司) (“**Shangrong Real Estate**”), and Merchants Shekou and Shenzhen Jisheng Development Co., Ltd. (深圳市集盛發展有限公司) (“**Jisheng Development**”) entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Taiziwan Shangtai Real Estate Co., Ltd. (深圳市太子灣商泰置業有限公司) (“**Shangtai Real Estate**”), Merchants Shekou and Shenzhen Jida Development Co., Ltd. (深圳市集達發展有限公司) (“**Jida Development**”) entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Leyi Real Estate Co., Ltd. (深圳市樂藝置業有限公司) (“**Leyi Real Estate**”), and Merchants Shekou and Shenzhen Jiyu Development Co., Ltd. (深圳市集宇發展有限公司) (“**Jiyu Development**”) entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Shangqi Real Estate Co., Ltd. (深圳市商啟置業有限公司) (“**Shangqi Real Estate**”), respectively. The Acceptance of Financial Assistance and the Provision of Financial Assistance are the “Financial Assistance”. On 30 October 2019, the resolution concerning the Financial Assistance has been considered and approved at the 10th meeting of the 9th session of the Board of the Company in 2019. Mr. Wang Hong and Mr. HU Xianfu, both being related Directors, abstained from voting. Other non-related Directors unanimously agreed to the resolution. The independent Directors of the Company have conducted a prior review and expressed independent opinions. The Financial Assistance has been considered and approved at the 3rd extraordinary general meeting of 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC] 2019-092 and [CIMC] 2019-103) as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 30 October 2019 and 16 December 2019.

- (1) The main terms of the Framework Agreements on the Borrowing of Surplus Funds are as follows:

Maximum borrowing amount	<p>During the 12-month authorization period, Jixing Development and Jisheng Development will receive the financial assistance no more than RMB4.9 billion in total in proportion to their shareholdings of 49%, including no more than RMB2.3 billion of financial assistance to be received by Jixing Development from Shangrong Real Estate and no more than RMB2.6 billion of financial assistance to be received by Jisheng Development from Shangtai Real Estate. During the authorization period, the balance of financial assistance received at any point in time shall not exceed the above limit, within which the funds may be rolled over.</p> <p>During the above 12-month authorization period, Leyi Real Estate and Shangqi Real Estate will provide the financial assistance no more than RMB2.6 billion in total in proportion to Merchants Shekou’s shareholding of 49%, including no more than RMB1.4 billion of financial assistance to be provided by Leyi Real Estate to Merchants Shekou and no more than RMB1.2 billion of financial assistance to be provided by Shangqi Real Estate to Merchants Shekou. During the authorization period, the balance of financial assistance provided at any point in time shall not exceed the above limit, within which the funds may be rolled over.</p>
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Pricing principles: The Financial Assistance is in line with relevant agreement in the Capital Increase Agreements entered into by Project Companies on 30 November 2018, which was negotiated voluntarily by the parties to the transactions in compliance with the relevant terms of the Capital Injection Agreement. Respective parties shall receive the borrowings provided by the Project Companies for nil consideration in proportion to their shareholdings and on the same conditions, free of any additional expenses or guarantees in any form, such as warranty, mortgage and pledge, given by the Company to related parties, and without any prejudice to the interests of any shareholders. Therefore, the connected transactions were entered into in the principle of voluntariness, equality, mutual benefit, fairness and impartiality.

Period of validity and term of maximum borrowing: The maximum borrowing amount is valid for twelve months from the effective date of each of Framework Agreements on the Borrowing of Surplus Funds. Unused borrowing amount will automatically lapse upon expiration of the valid period for the maximum borrowing amount. During the valid period of each of Framework Agreements on the Borrowing of Surplus Funds and within the agreed maximum borrowing amount, the term of each borrowing provided by the Project Companies is eighteen months. Before each of the borrowings is expired, the Project Companies have the right to demand repayment in advance without any conditions.

(2) Total Transaction Amount of 2019:

In 2019, the actual total transaction amount in continuing connected transactions between the Group and Merchants Shekou did not exceed the aggregated amount agreed under the Framework Agreement on the Borrowing of Surplus Funds:

	Within 12 months from the valid date RMB'000	From the valid date to 31 December 2019 RMB'000 Effective transaction amount
	Total annual caps as announced	
Provision of financial assistance:		
Leyi Real Estate to Merchants Shekou	1,400,000	282,666
Shangqi Real Estate to Merchants Shekou	1,200,000	1,149,242
Acceptance of financial assistance:		
Shangrong Real Estate to Jixing Development	2,300,000	1,519,000
Shangrong Real Estate to Jisheng Development	2,600,000	1,568,000

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(3) Connected Relationship among the Transaction Parties:

During the Reporting Period, China Merchants Group is the indirect largest Shareholder of the Company. As of 31 December 2019, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Company Limited, Soares Limited and China Merchants (CIMC) Investment Limited) held 24.56% of the total issued Shares of the Company. Merchants Shekou is a holding subsidiary of China Merchants Group, while Shangrong Real Estate and Shangtai Real Estate are holding subsidiaries of Merchants Shekou. Merchants Shekou, Shangrong Real Estate and Shangtai Real Estate are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. The Provision of Financial Assistance will be conducted in the usual and ordinary business course of the Group on an ongoing or regular basis, and therefore constitutes a continuing connected transaction of the Company under the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps under the Provision of Financial Assistance exceed 5%, but all of the percentage ratios are less than 25%, the Provision of Financial Assistance constitutes a discloseable transaction and a nonexempt continuing connected transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules, as well as the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. According to the requirements of the Hong Kong Listing Rules, the Acceptance of Financial Assistance constitutes financial assistance provided by connected persons to the Group. However, (i) the borrowings are made on normal commercial terms or more favorable terms to the Group; and (ii) the borrowings are not secured by any assets of the Group, and therefore such borrowings constitute exempt financial assistance under Rule 14A.90 of the Hong Kong Listing Rules, and are not subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules but constitute to the transaction which is subject to the approval at the general meeting under the Shenzhen Stock Exchange rules.

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(4) Purpose of the Transaction:

In order to make good use of the funds available for cooperation projects, according to the business practices in the real estate industry, the Project Companies will provide borrowings to the respective parties with the idle surplus funds left after setting aside working capital required for a certain period of time in the future. The purpose is to improve the efficiency of capital use and the return on investment of the respective parties. The Financial Assistance was negotiated voluntarily by the parties to the transactions in compliance with the relevant terms of the Capital Injection Agreement. Respective parties shall receive the borrowings provided by the Project Companies for nil consideration in proportion to their shareholdings and on the same conditions, free of any additional expenses or guarantees in any form, such as warranty, mortgage and pledge, given by the Company to related parties, and without any prejudice to the interests of any shareholders. Therefore, the transactions were entered into in the principle of voluntariness, equality, mutual benefit, fairness and impartiality. The terms of the Framework Agreements on the Borrowing of Surplus Funds, including the applicable interest rate and the proposed annual caps, have been arrived at by the parties with arm's length negotiations and after taking into account the prevailing interest rate and practices in the market. The Directors are of the view that the Framework Agreements on the Borrowing of Surplus Funds (including the proposed annual caps) are entered into on normal commercial terms and the terms under the borrowing agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Also, the Board is of the view that the Financial Assistance is conducive to improving the efficiency of capital use, and as it is carried out without affecting the normal production and operations of the Project Companies and necessary risk prevention measures are taken, it is without any prejudice to the interests of the Company and minority Shareholders, and will not have any adverse impact on the Company's operating activities.

(5) Further strengthening the internal control regarding continuing connected transactions:

The Group has established a series of measures and policies, in order to ensure that the continuing connected transactions are conducted in accordance with the commodity sales framework agreement. The Company's auditing and monitoring department will conduct unscheduled internal assessments on the internal control measures of the Company, to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective, and report the assessment result to the audit committee, board of directors and supervisory committee of the Company. The Company's external auditors will conduct an annual audit on the Company's internal control measures, and an annual review on the continuing connected transactions pursuant to the requirements under the Hong Kong Listing Rules.

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C. Independent non-executive Directors' confirmation:

In relation to the continuing connected transaction/ordinary connected transaction between the Group and COSCO SHIPPING Development and its subsidiaries and associates, and the Financial Assistance of connected parties accepted and provided by CIMC Skyspace Real Estate, a subsidiary of the Company during the Reporting Period (the "Transactions"), the independent non-executive Directors of the Company have reviewed and confirmed that:

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

D. Auditor's confirmation:

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

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

E. The Board confirmed:

The auditor confirmed the matters in relation to the Transactions pursuant to the Rule 14A.56 under the Listing Rules of the Stock Exchange.

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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. 5 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report. Except for the connected transactions and continuing connected transactions as disclosed in this section, there are no other connected transactions required to be disclosed pursuant to Chapter 14A of the Hong Kong Listing Rules.

XVII. MATERIAL CONTRACTS AND THEIR PERFORMANCES

1. Trusteeship, Contracting or Leasing

(1) Trusteeship

Applicable Not Applicable

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

(2) Contracting

Applicable Not Applicable

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

(3) Leasing

Applicable Not Applicable

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

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2. Material Guarantees

✓ Applicable Not Applicable

(1) Description of Guarantees

Unit: RMB thousand

External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)									
Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guarantee or not	
Customers and dealers of subsidiaries of CIMC Vehicles	27 March 2019	3,000,000	1 January 2019	1,161,439	Warrantice	1-2 years	No	No	
Customers of Shenyang CIMC Industrial Park Investment Development Co., Ltd.	27 March 2019	150,000	1 January 2019	2,400	Warrantice	1-2 years	No	No	
Customers of Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd.	27 March 2019	100,000	1 January 2019	16,553	Warrantice	1-2 years	No	No	
Customers and dealers of C&C Trucks and its controlling subsidiaries	27 March 2019	1,200,000	1 January 2019	869,185	Warrantice	1-2 years	No	No	
Purchasers of commodity houses of CIMC Skyspace Real Estate and its controlling subsidiaries	27 March 2019	2,000,000	1 January 2019	1,738,861	Warrantice	1-2 years	No	No	
Customers of CIMC Raffles	27 March 2019	163,146	1 January 2019	118,750	Warrantice	1-2 years	No	No	
Customers of CIMC Enric	27 March 2019	700,000	1 January 2019	0	Warrantice	1-2 years	No	No	
Customers of CIMC Modern Logistics Development Co., Ltd.	27 March 2019	100,000	1 January 2019	0	Warrantice	1-2 years	No	No	
Customers of CIMC Containers	27 March 2019	300,000	1 January 2019	0	Warrantice	1-2 years	No	No	
Total external guarantee facilities approved during the Reporting Period (A1)			7,713,146	Total actual amount of external guarantees during the Reporting Period (A2)				2,477,862	
Total external guarantee facilities approved at the end of the Reporting Period (A3)			7,713,146	Total actual balance of external guarantees at the end of the Reporting Period (A4)				3,907,188	

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The Company's guarantees for subsidiaries								
Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of signing the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related Party guaranteed or not
Subsidiaries of CIMC	27 March 2019	20,750,311	1 January 2019	8,928,108	Warrantice	1-2 years	No	No
Overseas holding subsidiaries of CIMC	27 March 2019	40,000,000	1 January 2019	27,824,208	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			60,750,311	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				12,626,220
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			60,750,311	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)				36,752,316

Subsidiaries' guarantees for subsidiaries								
Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of signing the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related Party guaranteed or not
Guarantee of one subsidiary for another	27 March 2019	16,536,543	1 January 2019	6,675,172	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			16,536,543	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				5,044,023
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			16,536,543	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				6,675,172

Total guarantee of the Company (total of the above three items)								
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			85,000,000	Total actual guarantee amount during the Reporting Period (A2+B2+C2)				20,148,105
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			85,000,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				47,334,676
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company								120.59%
Of which:								
Guarantee amount provided to Shareholders, the de facto controller and related parties (D)								0
Debt guarantee amount provided directly or indirectly to the guaranteed with a gearing ratio of over 70% (E)								34,446,490
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)								0
Total amount of the above three guarantees (D+E+F)								34,446,490
Guarantees which are not due but have incurred guarantee liability or are likely to incur joint settlement liability during the Reporting Period (if any)								0
Guarantees provided to the external parties in violation of the procedures (if any)								0

Guarantees provided in a combined manner: No

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(2) **Illegal External Guarantees**

Applicable Not Applicable

3. **Entrusted Cash or Assets Management**

(1) **Entrusted Wealth Management**

Applicable Not Applicable

(2) **Entrusted Loans**

Applicable Not Applicable

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

Nil

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

Applicable Not Applicable

4. **Other Material Contracts**

Applicable Not Applicable

XVIII. SOCIAL RESPONSIBILITY

1. **Performance of Precise Poverty-alleviation Social Responsibility**

Applicable Not Applicable

(1) **Targeted poverty alleviation plan**

2019 is the key year of three years of action to win the battle against poverty. The Group continues to expand its thinking and carry out targeted support work in combination with the Group's industrial advantages. First, adhere to targeted poverty alleviation and resolutely contribute to winning the battle of poverty alleviation; second, mobilize the active participation of all units to form a joint force; third, strengthen the advantages and explore new ways of poverty alleviation.

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(2) Achievements of targeted poverty alleviation

Indicator	Measurement unit	Quantity/Progress status
I. Overall situation		
Among which: 1. Funds	RMB in ten thousand	255.46
2. Material equivalents	RMB in ten thousand	36.04
3. Number of registered residents who have achieved poverty alleviation with the help of the Group	Person	106
II. Investment by category		
1. Poverty alleviation by industrial development		
Among which: 1.1 Project type of poverty alleviation by industrial development	–	Poverty alleviation by asset income
1.2 Project number of poverty alleviation by industrial development	–	2
1.3 Investment in poverty alleviation by industrial development	RMB in ten thousand	90
1.4 Number of registered residents who have achieved poverty alleviation	Person	70
2. Poverty alleviation by transfer employment		
Among which: 2.1 Investment in vocational and technical training	RMB in ten thousand	1.2
2.2 Number of residents received vocational technical training	Person	87
2.3 Number of registered residents who have achieved employment	Person	5
3. Poverty alleviation by relocation		
Among which: 3.1 Number of relocated residents who have achieved employment	Person	–
4. Poverty alleviation by education		
Among which: 4.1 Investment in funding impoverished students	RMB in ten thousand	18.37
4.2 Number of impoverished students received funding	Person	38
4.3 Investment in educational resources improvement in poverty areas	RMB in ten thousand	0.6
5. Poverty alleviation by healthcare		
Among which: 5.1 Investment in healthcare resources in poverty areas	RMB in ten thousand	2.5

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Indicator	Measurement unit	Quantity/Progress status
6. Poverty alleviation by ecological protection	–	To subsidize the improvement in appearance of Kaohou Village, Gangwei Town, Longhai of Zhangzhou City, Fujian Province and the construction of Dazhangjia Village, Langao Town, Longkou of Yantai City, Shandong Province.
Among which: 6.1 Project type	–	–
6.2 Investment	RMB in ten thousand	26.86
7. Catch-all protection	–	–
Among which: 7.1 Investment in “left-behind residents”	RMB in ten thousand	0.2
7.2 Number of “left-behind residents” who have received help	Person	0
7.3 Investment in impoverished disabled person	RMB in ten thousand	16.815
7.4 Number of impoverished disabled residents who have received help	Person	24
8. Poverty alleviation by Society	–	–
Among which: 8.1 Investment in poverty alleviation cooperation between the east and the west	RMB in ten thousand	0
8.2 Investment in fixed poverty alleviation work	RMB in ten thousand	10.2
8.3 Investment in poverty alleviation funds	RMB in ten thousand	2.36
9. Other projects	–	–
Among which: 9.1. Project number	–	11
9.2. Investment	RMB in ten thousand	52.541
9.3. Number of registered residents who have achieved poverty alleviation	Person	41
III. Awards received (title, level)	–	–

Hunan CIMC New Material Technology Co., Ltd. was praised as the “Caring Enterprise of Hunan Province” in 2019.

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(3) Subsequent targeted poverty alleviation plan

The Group will continue to maintain a high sense of social responsibility and take practical actions to help fight poverty. The Group draws on the experience of targeted poverty alleviation of external excellent enterprises to solve problems, and carry out various support and assistance activities based on the concepts such as poverty alleviation by industrial development, poverty alleviation by ecological protection and catch-all protection.

2. Performance of Other Social Responsibilities

The Company published the 2018 Social Responsibility and Environmental, Social and Governance Report and the 2019 Social Responsibility and Environmental, Social and Governance Report on Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2019 and 26 March 2020 respectively.

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

Yes No Not Applicable

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission		
Xinhui CIMC Container Co., Ltd. ("XHCIMC")	COD	Domestic wastewater is discharged into the river outside the factory through sewage collection pipes	1	Northwest of the factory area	13mg/l	Discharge Limits of Water Pollutants DB/44-26-2001	7.130 tonnes/year	Not approved	Not exceeded		
	Ammonia nitrogen				0.32 mg/l		0.184 tonne/year			Not approved	Not exceeded
	SS				6mg/l		3.380 tonnes/year			Not approved	Not exceeded
	Petroleum				0.48 mg/l		0.264 tonne/year	Not approved	Not exceeded		
	PH				7.66 (non-dimensional)		-	Not approved	Not exceeded		
	Sulfur dioxide (boilers)	Exhaust pipes	1	Middle side of the factory area	9.60 mg/m ³	Boiler Air Pollutant Discharge Standard DB44/765-2019	0.750 tonne/year	3.73 tonnes/year	Not exceeded		
	Nitric oxide (boilers)		1		88.02mg/m ³		6.880 tonnes/year	16 tonnes/year	Not exceeded		
	Smoke and dust (boilers)		1		4.95mg/m ³		0.390 tonne/year	Not approved	Not exceeded		
	Particulate matter	Exhaust pipes	2	Middle side of the factory area	20.29mg/m ³	Emission Limits of Air Pollutants DB/27-2001 The Standard stipulating the VOC emission limits of container manufacturing companies operating (DB44/1837-2016)	4.800 tonnes/year	Not approved	Not exceeded		
	Benzene	Exhaust pipes	5	Middle side of the factory area	0.01mg/m ³		0.005 tonne/year	Not approved	Not exceeded		
	Methylbenzene	Exhaust pipes		Middle side of the factory area	1.07mg/m ³		0.402 tonne/year	Not approved	Not exceeded		
	Xylene	Exhaust pipes		Middle side of the factory area	2.45mg/m ³		0.919 tonne/year	Not approved	Not exceeded		
	TVOCs	Exhaust pipes		Middle side of the factory area	8.6mg/m ³		3.221 tonnes/year	Not approved	Not exceeded		

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. ("XHCIMCS")	Particulate matter	Exhaust pipes	31	East and middle side of the factory area	20.38mg/m ³	Emission Limits of Air Pollutants DB/27-2001 time slot II Standard Level 2	19.880 tonnes/year	Not approved	Not exceeded
	Benzene	Exhaust pipes	8	East and middle side of the factory area	0.0825mg/m ³	The Standard stipulating the VOC emission limits of container manufacturing companies operating (DB44/1837-2016)	0.065 tonne/year	Not approved	Not exceeded
	Methylbenzene	Exhaust pipes		East and middle side of the factory area	1.33mg/m ³		1.045 tonnes/year	Not approved	Not exceeded
	Xylene	Exhaust pipes		East and middle side of the factory area	5.66mg/m ³		4.439 tonnes/year	Not approved	Not exceeded
	TVOCs	Exhaust pipes		East and middle side of the factory area	19.41mg/m ³		15.210 tonnes/year	Not approved	Not exceeded
Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. ("Dongguan Southern")	Particulate matter (welding fumes)	Exhaust pipes	4	Phase I workshop	ND (calculated at the detection limit of 1/2)	Emission Limits of Air Pollutants (DB44/27-2001) local standard in Guangdong Province time slot II Standard Level 2 limit value	4.025 tonnes/year	17.9427 tonnes/year	Not exceeded
	Particulate matter (sanding dust)	Exhaust pipes	4	Northwest of the phase I workshop	ND(calculated at the detection limit of 1/2)		7.630 tonnes/year		Not exceeded
	Particulate matter (phase I primer paint)	Exhaust pipes	1	Northwest of the phase I workshop	ND (calculated at the detection limit of 1/2)		3.220 tonnes/year		Not exceeded
	VOCs (organic waste gas)	Exhaust pipes	4	3 to the northwest of the phase I workshop, 1 to the southwest of the phase I workshop	3.91 mg/m ³	The Standard stipulating the VOC emission limits of container manufacturing companies operating (DB44/1837-2016) local standard in Guangdong Province time slot II discharge standard in Table 2	4.800 tonnes/year	21.59 tonnes/year	Not exceeded
	VOCs (phase I industrial waste water station odor)	Exhaust pipes	1	South side of the phase I workshop	2.79 mg/m ³	The Standard stipulating the VOC emission limits of container manufacturing companies operating (DB44/1837-2016) local standard in Guangdong Province time slot II emission standard in Table 2	0.160 tonne/year		Not exceeded
	SO ₂ (phase I primer paint)	Exhaust pipes	1	Northwest of the phase I workshop	ND (calculated at the detection limit of 1/2)	Emission Limits of Air Pollutants (DB44/27-2001) local standard in Guangdong Province	0.259 tonne/year	0.3024 tonne/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	NOX (phase I primer paint)	Exhaust pipes	1	Northwest of the phase I workshop	ND (calculated at the detection limit of 1/2)	Emission Limits of Air Pollutants (DB44/27-2001) local standard in Guangdong Province time slot II Standard Level 2 limit value	0.259 tonne/year	2.9568 tonnes/year	Not exceeded
	Ammonia (phase I industrial waste water station odor)	Exhaust pipes	1	South side of the phase I workshop	0.54mg/m ³	Emission Standards for Odor Pollutants (GB14554-93) emission standard in Table 2	0.018 tonne/year	0.07 tonne/year	Not exceeded
	Sulfuretted hydrogen (phase I industrial waste water station odor)	Exhaust pipes	1	South side of the phase I workshop	0.06mg/m ³	Emission Standards for Odor Pollutants (GB14554-93) emission standard in Table 2	0.002 tonne/year	0.0086 tonne/year	Not exceeded
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. ("SCIMCEL")	Particulate matter	Organised emission through exhaust pipes	5	Middle side of the factory area	10mg/m ³	Emission Standard of Air Pollutants in Guangdong Province DB44/27-2001 time slot II Standard Level 2	26.090 tonnes/year	Not approved	Not exceeded
	VOCs	Organised emission through exhaust pipes	10	Middle side of the factory area	6.6mg/m ³	The Standard stipulating the VOC emission limits of container manufacturing companies operating in Guangdong Province (DB44/1837-2016)	5.500 tonnes/year	Not approved	Not exceeded
Ningbo CIMC Logistics Equipment Co., Ltd. ("NBCIMC Logistics")	Total zinc	Sewage collection pipes	1	East of the factory area	0.041 mg/L	Integrated Wastewater Discharge Standard (GB8978)	0.002 tonne/year	Not approved	Not exceeded
	NOx	Exhaust pipes	2	Paint line	0.7mg/m ³	Air Pollutant Discharge Standard for Industrial Coating Process (DB33/2146)	0.100 tonne/year	1.12 tonnes/year	Not exceeded
	Methylbenzene	Exhaust pipes	1	Pre-treatment	1mg/m ³	Air Pollutant Discharge Standard for Industrial Coating Process (DB33/2146)	0.050 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	Particulate matter	Exhaust pipes	6	Pre-treatment, sanding room, welding fumes	11.9mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	12.490 tonnes/year	11.706 tonnes/year	Exceeded for total emission (new environment impact assessment report is being prepared)
	VOC	Exhaust pipes	6	Pre-treatment, paint line	12.78mg/m ³	Air Pollutant Discharge Standard for Industrial Coating Process (DB33/2146)	11.500 tonnes/year	218.078 tonnes/year	Not exceeded
	COD	Sewage collection pipes	1	Paint channel in factory	14.0mg/L	Integrated Wastewater Discharge Standard (GB8978)	0.840 tonne/year	1.09 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Paint channel in factory	0.06 mg/L	Integrated Wastewater Discharge Standard (GB8978)	0.012 tonne/year	0.11 tonne/year	Not exceeded
	Xylene	Exhaust pipes	1	Pre-treatment	2.73mg/m ³	Air Pollutant Discharge Standard for Industrial Coating Process (DB33/2146)	0.210 tonne/year	Not approved	Not exceeded
	Non-methane	Exhaust pipes	6	Pre-treatment, paint line	8.63mg/m ³	Air Pollutant Discharge Standard for Industrial Coating Process (DB33/2146)	5.800 tonnes/year	Not approved	Not exceeded
	Petroleum	Sewage collection pipes	1	East of the factory area	0.48m/L	Integrated Wastewater Discharge Standard (GB8978)	0.030 tonne/year	Not approved	Not exceeded
Shanghai CIMC Baowell Industries Co. Ltd. ("SBWI")	Particulate matter	Emission outlets	14	South and north side of the factory area	5.186mg/m ³	Emission Standard of Air Pollutants (DB31/933-2015)	12.470 tonnes/year	Not approved	Not exceeded
	VOCs	Emission outlets	4	South and north side of the factory area	22.999mg/m ³	Emission Standard of Air Pollutants (DB31/933-2015)	264.520 tonnes/year	Not approved	Not exceeded
	COD	Sewage collection pipes	3	South and north side of the factory area	146.3mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	17.870 tonnes/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("SHYSLE")	Ammonia nitrogen	Sewage collection pipes	1	Waste water main outlet	0.7 mg/L	DB31/199-2018 Integrated Wastewater Discharge Standard	0.018 tonne/year	2.4 tonnes/year	Not exceeded
	Total nitrogen	Sewage collection pipes	1	Waste water main outlet	9.16mg/L	DB31/199-2018 Integrated Wastewater Discharge Standard	0.966 tonne/year	5.925 tonnes/year	Not exceeded
	COD	Sewage collection pipes	1	Waste water main outlet	30 mg/L	DB31/199-2018 Integrated Wastewater Discharge Standard	1.929 tonnes/year	34.22 tonnes/year	Not exceeded
	Sulfur dioxide	Organised emission	2	Domestic boiler	ND	DB31/387-2018 Boiler Air Pollutant Discharge Standard	0 tonne/year	0.007338 tonne/year	Not exceeded
	Nitric oxide	Organised emission	2	Domestic boiler	80-90mg/m ³	DB31/387-2018 Boiler Air Pollutant Discharge Standard	0.266 tonne/year	0.65857 tonne/year	Not exceeded
	Particulate matter	Organised emission	7	Sanding for pre-treatment	0.3-0.8mg/m ³	Integrated Emission Standard of Air Pollutants DB31/933-2015	1.051 tonnes/year	6.11436 tonnes/year	Not exceeded
	VOCs	Organised emission	4	Pre-treatment and full container	8.5-12.7mg/m ³	Integrated Emission Standard of Air Pollutants DB31/933-2015	18.750 tonnes/year	19.257 tonnes/year	Not exceeded
Taicang CIMC Containers Co., Ltd. ("TCCIMC")	Particulate matter	Exhaust pipes	8	South side and Northeast corner of B line welding workshop	2.7625mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	2.876 tonnes/year	6.48 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	VOCS	Exhaust pipes	3	South side of B line welding workshop	0.646mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	1.003 tonnes/year	32.465 tonnes/year	Not exceeded
	Methylbenzene	Exhaust pipes	3	South side of B line welding workshop	0.212mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	0.082 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
	Xylene	Exhaust pipes	3	South side of B line welding workshop	0.094mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	0.528 tonne/year	Not approved	Not exceeded
	pH	Gutter inlet	2	Gate 6 and south of main road	7.6	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015, Integrated Wastewater Discharge Standard GB8978-1996	-	-	Not exceeded
	SS	Gutter inlet	2	Gate 6 and south of main road	7mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015, Integrated Wastewater Discharge Standard GB8978-1996	-	Not approved	Not exceeded
	COD	Gutter inlet	2	Gate 6 and south of main road	82mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015, Integrated Wastewater Discharge Standard GB8978-1996	-	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Taicang CIMC Special Logistics Equipment Co. Ltd. ("Taicang Special Equipment")	Particulate matter	Exhaust pipes	11	South side of the A line finished workshop and northwest of the pre-treatment workshop	1.57mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	2,359 tonnes/year	8.64 tonnes/year	Not exceeded
	VOCS	Exhaust pipes	5	South side of the A line finished workshop and west side of the pre-treatment workshop	1.7608mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	9,345 tonnes/year	77,537 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
	n-butyl alcohol	Exhaust pipes	5	South side of the A line finished workshop and west side of the pre-treatment workshop	<0.2mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	0.097 tonne/year	Not approved	Not exceeded
	Methylbenzene	Exhaust pipes	5	South side of the A line finished workshop and west side of the pre-treatment workshop	1.3138mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	0.960 tonne/year	Not approved	Not exceeded
	pH	Gutter inlet	2	Gate 4 and north of main road	7.3	Integrated Wastewater Discharge Standard GB8978-1996, Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015	-	-	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
	Xylene	Exhaust pipes	5	South side of the A line finished workshop and west side of the pre-treatment workshop	2.335mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996, calculated at the relevant formulas of the Technical Methods for Making Local Emission Standards of Air Pollutants (GB/T13201-91), and implemented with reference to the relevant standards of time slot II of Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	2.031 tonnes/year	Not approved	Not exceeded
	SS	Gutter inlet	2	Gate 4 and north of main road	9mg/L	Integrated Wastewater Discharge Standard GB8978-1996, Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015	-	Not approved	Not exceeded
	COD	Gutter inlet	2	Gate 4 and north of main road	91mg/L	Integrated Wastewater Discharge Standard GB8978-1996, Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015	-	Not approved	Not exceeded
CIMC Taicang Refrigeration Equipment Logistics Co., Ltd. ("TCCRC")	TVOC	Exhaust pipes	8	Next to the painting process	0.46mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	4.270 tonnes/year	99.35 tonnes/year	Not exceeded
	Benzene congeners	Exhaust pipes	8	Next to the painting process	0.74mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB44/816-2010)	2.613 tonnes/year	45.268 tonnes/year	Not exceeded
	Domestic sewage	Sewage treatment plant	1	Northeast of the 1# Gate of company	-	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	7,447.000 tonnes/year	104,252 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	COD	Sewage treatment plant	1	Northeast of the 1# Gate of company	262mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	12,880 tonnes/year	41.70 tonnes/year	Not exceeded
	Particulate matter	Exhaust pipes	23	Next to sanding, zinc blasting and painting process	1.9mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	3,520 tonnes/year	22.28 tonnes/year	Not exceeded
	SS	Sewage treatment plant	1	Northeast of the 1# Gate of company	52mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	2,740 tonnes/year	20.85 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage treatment plant	1	Northeast of the 1# Gate of company	4.72mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	0.133 tonne/year	2.607 tonnes/year	Not exceeded
	Total nitrogen	Sewage treatment plant	1	Northeast of the 1# Gate of company	12.8mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	0.620 tonne/year	3.65 tonnes/year	Not exceeded
	Total phosphorus	Sewage treatment plant	1	Northeast of the 1# Gate of company	1.67mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	0.083 tonne/year	0.417 tonne/year	Not exceeded
	LAS	Sewage treatment plant	1	Northeast of the 1# Gate of company	2.83mg/l	Wastewater Quality Standards for Discharge to Sewers (GB/T31962-2015)	0.200 tonne/year	0.405 tonne/year	Not exceeded
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. ("NTCIMCS")	Methylbenzene	Intermittent	7	Coating	3.67 mg/m ³	Jiangsu Province Chemical Industry VOCs Emission Standard (DB32/3151-2016)	0.480 tonne/year	8.69 tonnes/year	Not exceeded
	Xylene	Intermittent		Coating	8.45 mg/m ³	Jiangsu Province Chemical Industry VOCs Emission Standard (DB32/3151-2016)	1.150 tonnes/year	16.57 tonnes/year	Not exceeded
	Ethyl acetate	Intermittent		Coating	27.4 mg/m ³	Jiangsu Province Chemical Industry VOCs Emission Standard (DB32/3151-2016)	0.380 tonne/year	5.23 tonnes/year	Not exceeded
	VOCs	Intermittent		Coating	6.3 mg/m ³	Emission Standard of VOCs from Industrial Enterprises in Tianjin City (DB12/524-2014)	7.750 tonnes/year	58.88 tonnes/year	Not exceeded
	Particulate matter	Intermittent	8	Sanding and welding	1.5mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1,480 tonnes/year	1.6 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Yangzhou Runyang Logistics Equipments Co., Ltd. ("YZRYL")	COD	Intermittent	1	Wastewater treatment station	26mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	1.510 tonnes/year	32.797 tonnes/year	Not exceeded
	SS	Intermittent		Wastewater treatment station	10 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.530 tonne/year	21.619 tonnes/year	Not exceeded
	Petroleum	Intermittent		Wastewater treatment station	0.04 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.0005 tonne/year	0.019 tonne/year	Not exceeded
	Ammonia nitrogen	Intermittent		Wastewater treatment station	7.93 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)	1.020 tonnes/year	2.827 tonnes/year	Not exceeded
	Total phosphorus	Intermittent		Wastewater treatment station	1.57 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)	0.100 tonne/year	0.322 tonne/year	Not exceeded
	Particulate matter	Exhaust pipes	20	South, west, north and middle sides of the workshop	21.856 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2; Emission Control Standard of VOCs from Industrial Enterprises in Tianjin City (DB12/524-2014) emission standards for surface coating in Table 2 and concentration limits for other industries at the boundary monitoring points in Table 5 for VOCs; Emission Standards for Odor Pollutants (GB14554-93) Class 2 for ammonia, sulfuretted hydrogen; Food and Beverage Emission Standards (Trial) (GB18483-2001) large scale standard in Table 2 for oil fumes emissions	38.346 tonnes/year	48.950 tonnes/year	Not exceeded
	VOCs	Exhaust pipes	11	South, north and middle sides of the workshop, northeast corner of factory area	22.782 mg/m ³		22.471 tonnes/year	79.124 tonnes/year	Not exceeded
	Sulfur dioxide	Exhaust pipes	8	South, north and middle sides of the workshop	15 mg/m ³		0.288 tonne/year	0.4648 tonne/year	Not exceeded
	Nitric oxide	Exhaust pipes	8	South, north and middle sides of the workshop	23.42 mg/m ³		0.607 tonne/year	2.1732 tonnes/year	Not exceeded
	Ammonia	Exhaust pipes	1	Sewage station on the south side of the workshop	2.14 mg/m ³		0.008 tonne/year	0.036 tonne/year	Not exceeded
Sulfuretted hydrogen	Exhaust pipes	1	Sewage station on the south side of the workshop	0.077 mg/m ³		0.0003 tonne/year	0.0004 tonne/year	Not exceeded	
Benzene	Exhaust pipes	2	South and north sides of the workshop	8.622 mg/m ³		0.083 tonne/year	0.2726 tonne/year	Not exceeded	
Methylbenzene	Exhaust pipes	3	South and north sides of the workshop, hazardous waste depot at the northeast corner of the factory area	9.9 mg/m ³		0.290 tonne/year	7.4087 tonnes/year	Not exceeded	
Xylene	Exhaust pipes	3	South and north sides of the workshop, hazardous waste depot at the northeast corner of the factory area	15.4 mg/m ³		0.129 tonne/year	1.0917 tonnes/year	Not exceeded	
Fume	Exhaust pipes	1	East of the factory area	0.27 mg/m ³		0.009 tonne/year	0.0243 tonne/year	Not exceeded	

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	COD	Access to sewage network	1	Southwest corner of the company	101.89 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Class 3 in	4.098 tonnes/year	13.56 tonnes/year	Not exceeded
	SS	Access to sewage network	1	Southwest corner of the company	72.89 mg/L	Table 4 and Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	2.932 tonnes/year	9.04 tonnes/year	Not exceeded
	Ammonia nitrogen	Access to sewage network	1	Southwest corner of the company	8.866 mg/L	Grade A in Table 1; tail water discharge from sewage treatment plants implement Pollutant Discharge Standard for Urban Sewage Treatment Plants (GB18918-2002) Class 1 Grade A.	0.357 tonne/year	1.356 tonnes/year	Not exceeded
	Total nitrogen	Access to sewage network	1	Southwest corner of the company	10.713 mg/L		0.431 tonne/year	1.582 tonnes/year	Not exceeded
	Total phosphorus	Access to sewage network	1	Southwest corner of the company	0.739 mg/L		0.030 tonne/year	0.136 tonne/year	Not exceeded
	Animal and vegetable oil	Access to sewage network	1	Southwest corner of the company	0.638 mg/L		0.026 tonne/year	0.362 tonne/year	Not exceeded
	VOCs	Organised emission	7	Northeast of the factory area	3.327mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	43.200 tonnes/year	3.042 tonnes/year	Not exceeded for the concentration;
	NOx	Organised emission	4	North of the factory area	65.5mg/m ³	Boiler Air Pollutant Discharge Standard (GB13271-2014)	0.930 tonne/year	0.525 tonne/year	exceeded for total emission
	SO ₂	Organised emission	4	North of the factory area	22.875mg/m ³	Boiler Air Pollutant Discharge Standard (GB13271-2014)	0.689 tonne/year	0.349 tonne/year	
	Particulate matter	Organised emission	7	North of the factory area	17.935mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	5.058 tonnes/year	0.649 tonne/year	
NH ₃ -N	Incorporate into municipal pipe networks	1	Northwest of the factory area	40.2mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	1.050 tonnes/year	0.55 tonne/year		
COD	Incorporate into municipal pipe networks	1	Northwest of the factory area	446.5mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	11.770 tonnes/year	5.5 tonnes/year		

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Qingdao CIMC Container Manufacture Co., Ltd. ("QDCC")	Particulate matter	Organised	11	North of the factory area	3.3mg/m ³	Regional Air Pollutants Integrated Emission Standard (DB 37/2376-2019) local standard in Shandong Province	2,400 tonnes/year	Not approved	Not exceeded
	Methylbenzene	Organised	5	North side of assembly workshop	0.9mg/m ³	Emission Standard of Volatile Organic Compounds Part 5 local standard in Shandong Province	0.800 tonne/year	10.1 tonnes/year	Not exceeded
	Xylene	Organised	5	North side of assembly workshop	1.2mg/m ³	Emission Standard of Volatile Organic Compounds Part 5 local standard in Shandong Province	1,100 tonnes/year	11.7 tonnes/year	Not exceeded
	VOCS	Organised	5	North side of assembly workshop	4.8mg/m ³	Emission Standard of Volatile Organic Compounds Part 5 local standard in Shandong Province	4,400 tonnes/year	178.7 tonnes/year	Not exceeded
	COD	Sewage collection pipes	2	South and west side of the factory area	246.6mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) Grade A	7,200 tonnes/year	11.48 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	2	South and west side of the factory area	7.8mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) Grade A	0.200 tonne/year	0.677 tonne/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Qingdao CIMC Reefer Container Manufacture Co., Ltd. ("QDCRC")	Xylene	Organised emission	4	3 to the south side of the No.1 workshop and 1 to the south side of the No.2 workshop	9.7mg/m ³	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5-2018)	10.810 tonnes/year	28.83 tonnes/year	Not exceeded
	Non-methane	Organised emission	4	3 to the south side of the No.1 workshop and 1 to the south side of the No.2 workshop	46.4mg/m ³	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5-2018)	37.200 tonnes/year	71.95 tonnes/year	Not exceeded
	Particulate matter	Organised emission	27	2 to the north side of the No.1 workshop, 10 to the south side of the No.1 workshop and 15 to south side of the No.2 workshop	5.9mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37-2376-2019)	20.120 tonnes/year	38.7 tonnes/year	Not exceeded
	Sulfur dioxide	Organised emission	11	2 to the north side of the No.1 workshop, 3 to the south side of the No.1 workshop and 6 to south side of the No.2 workshop	7.1mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37-2376-2019)	0.470 tonne/year	0.8 tonne/year	Not exceeded
	Nitric oxide	Organised emission	11	2 to the north side of the No.1 workshop, 3 to the south side of the No.1 workshop and 6 to south side of the No.2 workshop	73.2mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37-2376-2019)	4.220 tonnes/year	7.02 tonnes/year	Not exceeded
	COD	Sewage pipe network	2	1 to the north side of the factory area, 1 to the west side of the factory area	207.6mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT-31962-2015)	1.950 tonnes/year	12.24 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage pipe network	2	1 to the north side of the factory area, 1 to the west side of the factory area	23.4mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT-31962-2015)	0.520 tonne/year	0.77 tonne/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Qingdao CIMC Special Reefer Co., Ltd. ("QDCSR")	Xylene	Organised emission	6	1 to the west side of the No.1 workshop, 1 to the east side of the No.1 workshop and 4 to east side of the No.2 workshop	4.1mg/m ³	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5-2018)	2.680 tonnes/year	2.988 tonnes/year	Not exceeded
	Non-methane	Organised emission	6	1 to the west side of the No.1 workshop, 1 to the east side of the No.1 workshop and 4 to east side of the No.2 workshop	12.5mg/m ³	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry (DB37/2801.5-2018)	6.400 tonnes/year	10.416 tonnes/year	Not exceeded
	Particulate matter	Organised emission	21	5 to the west side of the No.1 workshop, 4 to the east side of the No.1 workshop and 12 to east side of the No.2 workshop	2.6mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37 2376-2019)	4.410 tonnes/year	4.817 tonnes/year	Not exceeded
	Sulfur dioxide	Organised emission	5	1 to the west side of the No.1 workshop, 1 to the east side of the No.1 workshop and 1 to east side of the No.2 workshop	5.7mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37 2376-2019)	0.130 tonne/year	0.28 tonne/year	Not exceeded
	Nitric oxide	Organised emission	5	1 to the west side of the No.1 workshop, 1 to the east side of the No.1 workshop and 3 to east side of the No.2 workshop	50.7mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37 2376-2019)	1.350 tonnes/year	2.464 tonnes/year	Not exceeded
	COD	Sewage pipe network	1	1 to the north side of the factory area	202.4mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT 31962-2015)	1.930 tonnes/year	2.68 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage pipe network	1	1 to the north side of the factory area	13.5mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GBT 31962-2015)	0.130 tonne/year	0.18 tonne/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Tianjin CIMC Containers Co., Ltd. ("TJCMC")	Particulate matter (smoke and dust)	Organised emission	7	3 emission outlets in painting workshops and 4 emission outlets in pre-treatment workshops	2.75mg/m ³	DB12/556-2015 Emission Standard of Air Pollutants for Industrial Kiln and Furnace	1.097 tonnes/year	18.35 tonnes/year (shared with particulate matter and dust)	Not exceeded
	Sulfur dioxide	Organised emission	7	3 emission outlets in painting workshops and 4 emission outlets in pre-treatment workshops	3 mg/m ³	DB12/556-2015 Emission Standard of Air Pollutants for Industrial Kiln and Furnace	0.578 tonne/year	2.345 tonnes/year	Not exceeded
	Nitric oxide	Organised emission	7	3 emission outlets in painting workshops and 4 emission outlets in pre-treatment workshops	2.25 mg/m ³	DB12/556-2015 Emission Standard of Air Pollutants for Industrial Kiln and Furnace	0.728 tonne/year	3.508 tonnes/year	Not exceeded
	Methylbenzene	Organised emission	2	2 emission outlets in pre-treatment workshops	0.24 mg/m ³	DB12/524-2014 Emission Control Standard of Volatile Organic Compounds from Industrial Enterprises	0.056 tonne/year	Not approved	Not exceeded
	Xylene	Organised emission	2	2 emission outlets in pre-treatment workshops	4.776 mg/m ³	DB12/524-2014 Emission Control Standard of Volatile Organic Compounds from Industrial Enterprises	0.537 tonne/year	Not approved	Not exceeded
	VOCs	Organised emission	5	3 emission outlets in painting workshops and 2 emission outlets in pre-treatment workshops	17.14mg/m ³	DB12/524-2014 Emission Control Standard of Volatile Organic Compounds from Industrial Enterprises	6.786 tonnes/year	Not approved	Not exceeded
	Particulate matter (dust)	Organised emission	11	9 emission outlets in shot blasting, 2 emission outlets in the sanding	3.685mg/m ³	GB16297-1996 Integrated Emission Standard of Air Pollutants	1.597 tonnes/year	18.35 tonnes/year (shared with particulate matter, smoke and dust)	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Southwest side of the factory area	0.373 mg/L	DB12/356-2018 Integrated Wastewater Discharge Standard in Tianjin	0 tonne/year (recycle)	0.49 tonne/year	Not exceeded
	COD	Sewage collection pipes	1	Southwest side of the factory area	50.5 mg/L	DB12/356-2018 Integrated Wastewater Discharge Standard in Tianjin	0 tonne/year (recycle)	3.28 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Dalian CIMC Logistics Equipment Co., Ltd. ("DLL")	Particulate matter	Exhaust pipes	2	East and west side of the factory area	15.26mg/m ³ (Average concentration)	Emission Standard of Air Pollutants (GB16297)	5.948 tonnes/year	Not approved	Not exceeded
	Non-methane	Exhaust pipes	7	East and west side of the factory area	28.94mg/m ³ (Average concentration)	Emission Standard of Air Pollutants (GB16297)	113.150 tonnes/year	Not approved	Not exceeded
	Benzene	Exhaust pipes	7	East and west side of the factory area	0.416mg/m ³ (Average concentration)	Emission Standard of Air Pollutants (GB16297)	0.522 tonne/year	Not approved	Not exceeded
	Methylbenzene	Exhaust pipes	7	East and west side of the factory area	0.031mg/m ³ (Average concentration)	Emission Standard of Air Pollutants (GB16297)	0.543 tonne/year	Not approved	Not exceeded
	Xylene	Exhaust pipes	7	East and west side of the factory area	1.309mg/m ³ (Average concentration)	Emission Standard of Air Pollutants (GB16297)	1.088 tonnes/year	Not approved	Not exceeded
	Sulfur dioxide	Exhaust pipes	7	East and west side of the factory area	No found (Average concentration)	Emission Standard of Air Pollutants (GB16297)	0 tonne/year	Not approved	Not exceeded
	Nitric oxide	Exhaust pipes	7	East and west side of the factory area	No found (Average concentration)	Emission Standard of Air Pollutants (GB16297)	0 tonne/year	Not approved	Not exceeded
	Ammonia nitrogen	Domestic sewage main drainage	2	East and south side of the factory area	0.708mg/L (Average concentration)	Liaoning Province Integrated Wastewater Discharge Standard (DB21/1627-2008)	0.101 tonne/year	Not approved	Not exceeded
	SS	Domestic sewage main drainage	2	East and south side of the factory area	16.0 mg/L (Average concentration)	Liaoning Province Integrated Wastewater Discharge Standard (DB21/1627-2008)	2.513 tonnes/year	Not approved	Not exceeded
	COD	Domestic sewage main drainage	2	East and south side of the factory area	68.55 mg/L (Average concentration)	Liaoning Province Integrated Wastewater Discharge Standard (DB21/1627-2008)	11.041 tonnes/year	Not approved	Not exceeded
	Animal and vegetable oil	Domestic sewage main drainage	2	East and south side of the factory area	0.23mg/L (Average concentration)	Liaoning Province Integrated Wastewater Discharge Standard (DB21/1627-2008)	0.036 tonne/year	Not approved	Not exceeded
	Total phosphorus	Domestic sewage main drainage	2	East and south side of the factory area	0.075mg/L (Average concentration)	Liaoning Province Integrated Wastewater Discharge Standard (DB21/1627-2008)	0.013 tonne/year	Not approved	Not exceeded
	Noise at Boundary (day)	Noise reduction emission	-	1m outside the boundary of the east factory	53.5 dB(A)	Emission Standard for Industrial Enterprise Noise at Boundary (GB12348-90)	-	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	Noise at Boundary (day)	Noise reduction emission	-	1m outside the boundary of the south factory	56.7dB(A)	Emission Standard for Industrial Enterprise Noise at Boundary GB12348-90	-	Not approved	Not exceeded
	Noise at Boundary (day)	Noise reduction emission	-	1m outside the boundary of the west factory	56.7 dB(A)	Emission Standard for Industrial Enterprise Noise at Boundary GB12348-90	-	Not approved	Not exceeded
	Noise at Boundary (day)	Noise reduction emission	-	1m outside the boundary of the north factory	55.3dB(A)	Emission Standard for Industrial Enterprise Noise at Boundary GB12348-90	-	Not approved	Not exceeded
	Benzene	Soil testing points	-	-	0.013 ug/kg (Average concentration)	GB36600-2018 Risk Control Standard for Soil Contamination of Development Land	-	Not approved	Not exceeded
	Methylbenzene	Soil testing points	-	-	No found	GB36600-2018 Risk Control Standard for Soil Contamination of Development Land	-	Not approved	Not exceeded
	o-Xylene	Soil testing points	-	-	No found	GB36600-2018 Risk Control Standard for Soil Contamination of Development Land	-	Not approved	Not exceeded
	m-Xylene	Soil testing points	-	-	No found	GB36600-2018 Risk Control Standard for Soil Contamination of Development Land	-	Not approved	Not exceeded
	p-Xylene	Soil testing points	-	-	No found	GB36600-2018 Risk Control Standard for Soil Contamination of Development Land	-	Not approved	Not exceeded
	Non-methane	Fugitive emission	-	East and west of the factory	1.447mg/L (Average concentration)	Emission Standard of Air Pollutants (GB16297)	-	Not approved	Not exceeded
	Dust, Particulate matter	Fugitive emission	-	East and west of the factory	0.3 mg/L (Average concentration)	Emission Standard of Air Pollutants (GB16297)	-	Not approved	Not exceeded
Zhumadian CIMC Huajun Casting Co. Ltd. ("HJCAST")	Dust, Particulate matter	Organised emission	2	1 emission outlet on 2 smelting lines respectively	<10mg	≤30mg	5.217 tonnes/year	16.4 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. ("YZTH")	Benzene	Organised emission	2	No.7 workshop of the south factory	0.005mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	0.005 tonne/year	Not approved	Not exceeded
	Methylbenzene	Organised emission	2	No.7 workshop of the south factory	0.479 mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB32/2862-2016)	0.687 tonne/year	Not approved	Not exceeded
	Xylene	Organised emission	2	No.7 workshop of the south factory	1.66 mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) (DB32/2862-2016)	0.236 tonne/year	Not approved	Not exceeded
	VOC	Organised emission	2	No.7 workshop of the south factory	5.6 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	1.048 tonnes/year	3.142 tonnes/year	Not exceeded
	Particulate matter	Organised emission	1	No.6 workshop of the south factory	10.7 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	0.245 tonne/year	Not approved	Not exceeded
	PH (non-dimensional)	Organised emission	1	Wall of the south factory	7.86 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Class 3 in Table 4	/	Not approved	Not exceeded
	COD	Organised emission	1	Wall of the south factory	125 mg/L	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	25.418 tonnes/year	Not approved	Not exceeded
	Petroleum	Organised emission	1	Wall of the south factory	1.21 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Class 3 in Table 4	0.216 tonne/year	Not approved	Not exceeded
	Ammonia nitrogen	Organised emission	1	Wall of the south factory	2.66 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (CJ 343-2010) Grade B in Table 1	2.821 tonnes/year	Not approved	Not exceeded
	Total phosphorus	Organised emission	1	Wall of the south factory	0.29 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (CJ 343-2010) Grade B in Table 1	0.091 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Shenzhen CIMC Special Vehicle Co., Ltd. ("CIMCSV")	Methylbenzene+ Xylene	Organised emission	4 (share the same outlet with organic waste gas)	Coating workshops	0.41mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) DB44/816-2010	0.020 tonne/year	0.08 tonne/year	Not exceeded
	Nitric oxide	Organised emission	7	Coating workshops	53.0mg/m ³	Boiler Air Pollutant Discharge Standard B13271-2014	0.800 tonne/year	0.84 tonne/year	Not exceeded
	Sulfur dioxide	Organised emission	7 (share the same outlet with oxynitride)	Coating workshops	2.60mg/m ³	Boiler Air Pollutant Discharge Standard B13271-2014	0.010 tonne/year	0.18 tonne/year	Not exceeded
	Particulate matter	Organised emission	3	Welding workshop	6.7mg/m ³	Emission Limits of Air Pollutants DB44/27-2001	1.600 tonnes/year	1.83 tonnes/year	Not exceeded
	VOCs	Organised emission	4	Coating workshops	6.10mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) DB44/816-2010	0.440 tonne/year	0.13 tonne/year	Not exceeded for the concentration; exceeded for total emission
Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Waste gas (VOCs)	Organised emission	2	Coating workshops	5.8mg/m ³	Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry) DB44/816-2010 · 90mg/m ³	0.233 tonne/year	Not approved	Not exceeded
	Waste water (Ammonia nitrogen)	Organised emission	1	Coating workshop wastewater station	0.62mg/l	Environmental Quality Standard for Surface Water GB3838-2002, 1.5mg/l	0.006 tonne/year	Not approved	Not exceeded
	Waste water (COD)	Organised emission	1	Coating workshop wastewater station	16mg/l	Environmental Quality Standard for Surface Water GB3838-2002, 30mg/l	0.221 tonne/year	Not approved	Not exceeded
	Particulate matter	Organised emission	10	Structure workshop/ Coating workshops	10mg/m ³	Emission Limits of Air Pollutants DB44/27-2001, 120mg/m ³	4.746 tonnes/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. ("XASV")	Methylbenzene	Hydraulic treatment + primary and intermediate filtration + activated carbon adsorption-catalytic combustion, organised emission	4	1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	0.206mg/m ³	Emission Control Standard of Volatile Organic Compounds in Shaanxi Province (DB61/T1061-2017) Standards for the Surface Coating Industry, requirement of Standard Level 2 in the State's Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.223 tonne/year	Not approved	Not exceeded
	Xylene	Hydraulic treatment + primary and intermediate filtration + activated carbon adsorption-catalytic combustion, organised emission	4	1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	1.809mg/m ³	Emission Control Standard of Volatile Organic Compounds in Shaanxi Province (DB61/T1061-2017) Standards for the Surface Coating Industry, requirement of Standard Level 2 in the State's Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.995 tonne/year	Not approved	Not exceeded
	Benzene	Hydraulic treatment + primary and intermediate filtration + activated carbon adsorption-catalytic combustion, organised emission	4	1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	0.115mg/m ³	Emission Control Standard of Volatile Organic Compounds in Shaanxi Province (DB61/T1061-2017) Standards for the Surface Coating Industry, requirement of Standard Level 2 in the State's Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.039 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
CIMC Vehicles (Shandong) Co., Ltd. ("KGR")	Non-methane	Hydraulic treatment + primary and intermediate filtration + activated carbon adsorption-catalytic combustion, organised emission	4	1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	5.15mg/m ³	Emission Control Standard of Volatile Organic Compounds in Shaanxi Province (DB61/T1061-2017) Standards for the Surface Coating Industry, requirement of Standard Level 2 in the State's Integrated Emission Standard of Air Pollutants (GB16297-1996)	2.683 tonnes/year	45.5 tonnes/year	Not exceeded
	Nitric oxide	Organised emission	2	Refrigeration, cold transportation workshop boiler room	42mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37/2376-2019)	0.128 tonne/year	Not approved	Not exceeded
	Particulate matter	Organised emission	1	Carving and trimming	2.6mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37/2376-2019)	0.020 tonne/year	Not approved	Not exceeded
	COD	Intermittent discharge with uncertain flow	1	Domestic sewage emission outlets	42mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) Grade A	0.502 tonne/year	Not approved	Not exceeded
	Ammonia nitrogen	Intermittent discharge with uncertain flow	1	Domestic sewage emission outlets	3.92 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) Grade A	0.064 tonne/year	Not approved	Not exceeded
	Benzene	Organised emission	4	Painting workshop – painting (small pieces, color separation), drying (small pieces, color separation)	0.01mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.038 tonne/year	Not approved	Not exceeded
	Methylbenzene	Organised emission	4	Painting workshop – painting (small pieces, color separation), drying (small pieces, color separation)	1.08 mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.051 tonne/year	Not approved	Not exceeded
	Xylene	Organised emission	4	Painting workshop – painting (small pieces, color separation), drying (small pieces, color separation)	7.53mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	0.423 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Wuhu CIMC Ruijiang Automobile CO LTD. ("WHVS")	Sulfur dioxide	Organised emission	2	Refrigeration, cold transportation workshop boiler room	25 mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37/2376-2019)	0.077 tonne/year	Not approved	Not exceeded
	VOCs	Organised emission	6	Painting workshop – painting (small pieces, color separation), drying (small pieces, color separation), plate making process, cold foaming process	13.9 mg/m ³	Shandong Province Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	2.014 tonnes/year	20.65 tonnes/year	Not exceeded
	Particulate matter	Organised emission	2	Refrigeration, cold transportation workshop boiler room	4.8 mg/m ³	Regional Air Pollutants Integrated Emission Standard of Shandong Province (DB37/2376-2019)	0.022 tonne/year	Not approved	Not exceeded
	Ammonia nitrogen	Sewage main drainage	1	Behind the wastewater treatment station	13.5mg/L	Integrated Wastewater Discharge Standard GB8978--1996	0.122 tonne/year	0.1441 tonne/year	Not exceeded
	Petroleum	Sewage main drainage	1	Behind the wastewater treatment station	0.8mg/L	Integrated Wastewater Discharge Standard GB8978--1996	0.048 tonne/year	0.05 tonne/year	Not exceeded
	Animal and vegetable oil	Sewage main drainage	1	Behind the wastewater treatment station	0.95mg/L	Integrated Wastewater Discharge Standard GB8978--1996	0.047 tonne/year	0.08138 tonne/year	Not exceeded
	Fluoride	Sewage main drainage	1	Behind the wastewater treatment station	0.1mg/L	Integrated Wastewater Discharge Standard GB8978--1996	0.005 tonne/year	0.003 tonne/year	Not exceeded for the concentration; exceeded for total emission
	COD	Sewage main drainage	1	Behind the wastewater treatment station	29mg/L	Integrated Wastewater Discharge Standard GB8978--1996	2.456 tonnes/year	3.5154 tonnes/year	Not exceeded
	SS	Sewage main drainage	1	Behind the wastewater treatment station	4mg/L	Integrated Wastewater Discharge Standard GB8978--1996	0.760 tonne/year	1.2989 tonnes/year	Not exceeded
	SO ₂	Organised emission	6	2 to No. 1 factory and 4 to No. 2 factory	3mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	0.828 tonne/year	2.126 tonnes/year	Not exceeded
VOCs	Organised emission	6	2 to No. 1 factory and 4 to No. 2 factory	2.64mg/m ³	Control Standard of Volatile Organic Compounds from Industrial Enterprises (DB13/2322-2016) local standard in Hebei Province	1.275 tonnes/year	6.234 tonnes/year	Not exceeded	

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
Qingdao CIMC Special Vehicle Co., Ltd. ("Qingdao CIMC Special Vehicle")	NOX	Organised emission	6	2 to No. 1 factory and 4 to No. 2 factory	15mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table	1.509 tonnes/year	8.26 tonnes/year	Not exceeded
	Particulate matter	Organised emission	6	2 to No. 1 factory and 4 to No. 2 factory	26.8mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Class 2 in Table 2	5.256 tonnes/year	14.969 tonnes/year	Not exceeded
	VOCs	Organised emission	1	Painting workshop	Mean value 17.55 mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	3.150 tonnes/year	71.18 tonnes/year	Not exceeded
	Particulate matter	Organised emission	3	Painting workshop	Mean value 3.15 mg/m ³	GB16297-1996 Integrated Emission Standard of Air Pollutants	0.250 tonne/year	Not approved	Not exceeded
Qingdao CIMC Eco-Equipment Co., Ltd. ("Qingdao CIMC Eco-Vehicle")	Methylbenzene	Organised emission	1	Painting workshop	Mean value 0.183mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	0.060 tonne/year	Not approved	Not exceeded
	Xylene	Organised emission	1	Painting workshop	Mean value 4.53 mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	1.410 tonnes/year	Not approved	Not exceeded
	Methylbenzene	Organised emission	1	Painting workshop	Mean value 0.2245 mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	0.009 tonne/year	Not approved	Not exceeded
	Particulate matter	Organised emission	1	Painting workshop	Mean value 5.8 mg/m ³	GB16297-1996 Integrated Emission Standard of Air Pollutants	0.240 tonne/year	Not approved	Not exceeded
Qingdao CIMC Eco-Equipment Co., Ltd. ("Qingdao CIMC Eco-Vehicle")	Xylene	Organised emission	1	Painting workshop	Mean value 0.2245 mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	0.109 tonne/year	Not approved	Not exceeded
	VOCs	Organised emission	1	Painting workshop	Mean value 8.03 mg/m ³	DB37/2801.1-2016 Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing	0.408 tonne/year	39.69 tonnes/year	Not exceeded
	Ammonia nitrogen	Sewage collection pipes	1	Wastewater treatment station	0.071mg/L	GB8979-1996 Integrated Wastewater Discharge Standard	0.025 tonne/year	0.436 tonne/year	Not exceeded
	Total nitrogen	Sewage collection pipes	1	Wastewater treatment station	2.96 mg/L	GB8979-1996 Integrated Wastewater Discharge Standard	0.010 tonne/year	0.678 tonne/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	COD	Sewage collection pipes	1	Wastewater treatment station	16 mg/L	GB8979-1996 Integrated Wastewater Discharge Standard	0.563 tonne/year	4.842 tonnes/year	Not exceeded
Liangshan Dongyue Vehicle Co., Ltd. ("LSDYV")	Particulate matter	Organised emission	2	Shot blasting machine	3.6mg/m ³	DB37/2376-2019	2.178 tonnes/year	Not approved	Not exceeded
	VOCs	Organised emission	10	West side of paint line	19.9mg/m ³	DB37/2801.1-2016	0.784 tonne/year	149.73 tonnes/year	Not exceeded
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd. ("Shandong Wanshida")	VOCs	Organised emission	8	Painting room and drying room	5.16mg/m ³	Volatile Organic Compounds Emission Standard Part I: Automotive Manufacturing (DB37/2801.1-2016)	1.074 tonnes/year	78.645 tonnes/year	Not exceeded
	Particulate matter	Organised emission	2	Shot blasting room	2.9mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	8.580 tonnes/year	Not approved	Not exceeded
Nantong CIMC Tank Equipment Co., Ltd. ("Nantong CIMC Tank")	COD	Intermittent emission	1	Main outlet of the company	23mg/L	500 mg/L	7.830 tonnes/year	Not approved	Not exceeded
	Ammonia nitrogen	Intermittent emission	1	Main outlet of the company	0.848mg/L	45 mg/L	0.190 tonne/year	Not approved	Not exceeded
	VOCs	Organised emission	4	Exhaust outlet	15.9mg/m	120mg/m ³	1.760 tonnes/year	Not approved	Not exceeded
Nantong CIMC Energy Equipment Co., Ltd. ("Nantong CIMC Energy Equipment")	Particulate matter (dust, smoke and dust)	Organised emission	3	Set as required	0.5-1.82mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.504 tonne/year	1.293 tonnes/year	Not exceeded
	Methylbenzene	Organised emission	6	Set as required	0.0061-0.0887mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.004 tonne/year	0.123 tonne/year	Not exceeded
	Xylene	Organised emission	6	Set as required	0.012-11.8mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.880 tonne/year	1.32 tonnes/year	Not exceeded
	Non-methane	Organised emission	6	Set as required	6.63-12.00mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.188 tonne/year	2.449 tonnes/year	Not exceeded
	COD	Organised emission	1	Set as required	55mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.672 tonne/year	11.827 tonnes/year	Not exceeded
	Ammonia nitrogen	Organised emission	1	Set as required	3.40mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.298 tonne/year	1.192 tonnes/year	Not exceeded
	SS	Organised emission	1	Set as required	16mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.212 tonne/year	4.022 tonnes/year	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
	Total phosphorus	Organised emission	1	Set as required	3.22mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.002 tonne/year	0.111 tonne/year	Not exceeded
Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Sanctum Cryogenic Equipment")	Xylene	Organised emission	3	North, east and west sides of the factory area	5mg/m ³	70mg/m ³	0.600 tonne/year	Not approved	Not exceeded
	Non-methane	Organised emission	3	North, east and west sides of the factory area	20mg/m ³	80mg/m ³	6.060 tonnes/year	18 tonnes/year	Not exceeded
	Methylbenzene	Organised emission	3	North, east and west sides of the factory area	10mg/m ³	40mg/m ³	1.200 tonnes/year	Not approved	Not exceeded
	Particulate matter	Organised emission	4	North, east and west sides of the factory area	15mg/m ³	120mg/m ³	4.050 tonnes/year	Not approved	Not exceeded
Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Gas Equipment")	Particulate matter	Emission through 25-metre tall exhaust chimney after bag collectors and dust-removing filter	54	Heat treatment furnace, curing furnace, heating furnace in painting room, sanding room, putty room, outer polishing machine, etc. of each workshop in factory	3.8-14.2mg/m ³	120mg/m ³	1.610 tonnes/year	Not approved	Not exceeded
	Nitric oxide	Emission through 25-metre tall exhaust pipes	24	Heat treatment furnace, curing furnace, heating furnace in painting room, etc. of each workshop in factory	0.004-62mg/m ³	400mg/m ³	12.774 tonnes/year	18.569 tonnes/year	Not exceeded
	Sulfur dioxide	Emission through 25-metre tall exhaust pipes	24	Heat treatment furnace, curing furnace, heating furnace in painting room, etc. of each workshop in factory	5-23mg/m ³	400mg/m ³	2.730 tonnes/year	2.808 tonnes/year	Not exceeded
	Methylbenzene, Xylene	Emission after treatment by multi-layer filter cotton and activated carbon adsorption device	21	Each workshop in factory	5.345mg/m ³	≤20mg/m ³	0.330 tonne/year	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of Emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
	Particulate matter	Emission through 15-metre tall exhaust pipes	8	North side of the No.1 workshop; North side of the No.2 workshop;	Component sanding exhaust: 35-46.6mg/m ³ Component paint exhaust: ND-3.2mg/m ³ Sanding room exhaust 1#: 12.5-15mg/m ³ Sanding room exhaust 2#: 7-9.7mg/m ³ Sand cleaning-out room exhaust1#: 0.9-6.8mg/m ³ Sand cleaning-out room exhaust 2#: 0.8-6.9mg/m ³ Primer and intermediary spray paint exhaust: 0.7-6.1mg/m ³ Topcoat spray paint exhaust: 0.9-6.6mg/m ³	DB44/21-2001 time slot II Standard Level 2;	8.717 tonnes/year	Not approved	Not exceeded
	Fume from canteens	After flowing through ventilation on the top of buildings, treatment with static purifiers and emission at high altitude	1	Top of the canteens	Fume emission concentration: 0.9mg/m ³	DB44/21-2001 time slot II Standard Level 2;	0.038 tonne/year	Not approved	Not exceeded
	Exhaust from backup generator		1	West wing of the office building	Ringelman emittance <1	DB44/21-2001 time slot II Standard Level 2;	/	Not approved	Not exceeded

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
			Emission outlets	Distribution of emission outlets					
C&C Trucks Co., Ltd. ("C&C Trucks")	NOx	Organised emission	5	Frame painting workshop/body painting workshop	54mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	4.560 tonnes/year	148.9 tonnes/year	Not exceeded
	SO2	Organised emission	5	Kinetic energy workshop	< 3mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	0.850 tonne/year	Not approved	Not exceeded
	Particulate matter	Organised emission	8	Kinetic energy workshop/frame workshop	< 20mg/m ³	Integrated Emission Standard of Air Pollutants GB16297-1996	10.290 tonnes/year	Not approved	Not exceeded
	Ringelman emittance	Organised emission	2	Kinetic energy workshop/frame workshop	/	Integrated Emission Standard of Air Pollutants GB16297-1996	/	Not approved	Not exceeded
	COD	Discharge after treatment	1	Gate 1 of the factory	140mg/L	Integrated Wastewater Discharge Standard GB8978-1996	12.360 tonnes/year	25.035 tonnes/year	Not exceeded
	Ammonia nitrogen	Discharge after treatment	1	Gate 1 of the factory	16.8 mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.980 tonne/year	1.71165 tonnes/year	Not exceeded
	Phosphorus	Discharge after treatment	1	Gate 1 of the factory	0.051mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.061 tonne/year	0.2829 tonne/year	Not exceeded
	Total zinc	Discharge after treatment	1	Gate 1 of the factory	0.039mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.015 tonne/year	0.17685 tonne/year	Not exceeded
	Total nickel	Discharge after treatment	1	Gate 1 of the factory	0.75mg/L	Integrated Wastewater Discharge Standard GB8978-1996	0.001 tonne/year	0.14328 tonne/year	Not exceeded

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CONSTRUCTION AND OPERATION OF POLLUTION PREVENTION AND CONTROL FACILITIES

Xinhui CIMC Container Co., Ltd.	Wastewater treatment facilities	①	1 set of industrial sewage treatment facilities with a treatment capacity of 1,200 t/d which is recycled after treatment, and the sewage with no external emission;
		②	1 set of domestic sewage treatment facilities with a treatment capacity of 4,500 t/d (1,300 t/d of domestic sewage and 3,200 t/d of initial rainwater) which will be discharged into the river in the northwest of the factory area after treatment.
	Exhaust treatment facilities	①	The VOCs exhaust gas is passed through dry filter cotton + activated carbon adsorption facilities (4 sets), with a treatment capacity of 320,800 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		②	Sanding dust control facilities (2 sets): bag dust collectors + water spray, with a treatment capacity of 139,200 m ³ /h, emission through exhaust pipes after treatment in compliance with standards;
		③	Boiler flue gas treatment facilities (1 set): cyclone dust collectors + bag dust collectors, with a treatment capacity of 36,000 m ³ /h, emission through 40m exhaust pipes after treatment in compliance with standards;
		④	At present, 14 sets of welding fume treatment facilities have been completed, with a treatment capacity of 380,582 m ³ /h. The dust collecting hood is used to cover the concentrated area of the welding. The natural lifting force of the high-heat soot and the negative suction of the fan are used to control the welding fumes in the coverage area for centralized collection. The collected soot is treated by a plate filter and emitted after treatment in compliance with standards (Some facilities are in the commissioning phase).
	Hazardous waste treatment facilities		Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.	Wastewater treatment facilities		Industrial sewage is recycled after treatment with no external emission; Domestic sewage is treated by the sewage treatment station of CIMC Park.
	Exhaust treatment facilities	①	Pre-treatment VOCs facilities (2 sets): Zeolite runner adsorption + catalytic oxidation (incineration), with a treatment capacity of 100,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards; C-line VOCs exhaust gas facilities (1 set): dry filter cotton + activated carbon adsorption, with a treatment capacity of 100,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards; B-line VOCs exhaust gas facilities (4 sets): spray tower + filter cotton filtration + multiphase catalytic oxidation, with a treatment capacity of 710,000 m ³ /h, emission through 20m exhaust pipes after treatment in compliance with standards;
		②	Sanding dust control facility (13 sets): bag dust collectors + water spray, with a treatment capacity of 597,987 m ³ /h, emission through exhaust pipes after treatment in compliance with standards;
		③	Welding fume treatment facilities (12 sets), with a treatment capacity of 339,390 m ³ /h. The dust collecting hood is used to cover the concentrated area of the welding. The natural lifting force of the high-heat soot and the negative suction of the fan are used to control the welding fumes in the coverage area for centralized collection. The collected soot is treated by a plate filter and emitted after treatment in compliance with standards.
	Hazardous waste treatment facilities		Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.

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Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd.	Wastewater treatment facilities	Industrial wastewater treatment facilities (1 set) with designed capacity of 200 t/d, which is recycled after treatment with zero emission.
	Exhaust treatment facilities	① The first phase of organic waste gas facilities (4 sets), of which the primer paint adopts filter cotton + runner adsorption + RTO, with a treatment capacity of 200,000 m ³ /h; the exterior paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 250,000 m ³ /h; intermediary paint/interior paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 200,000 m ³ /h; black paint adopts filter cotton + water spray + UV photolysis, with a treatment capacity of 100,000 m ³ /h;
		② The first phase of sanding dust exhaust gas facilities (4 sets): cyclone + filter element (cylinder), with a treatment capacity of 364,000 m ³ /h;
		③ The first phase of welding fume exhaust gas facilities (4 sets): electrostatic dust removal, with a treatment capacity of 244,000 m ³ /h;
		④ The first phase of industrial wastewater odor treatment facilities (1 set): water spray + UV photolysis, with a treatment capacity of 15,000 m ³ /h.
Hazardous waste treatment facilities	Properly stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	Wastewater treatment facilities	Industrial wastewater treatment facilities (1 set) with designed capacity of 450 t/d, which are recycled after treatment in compliance with standards, and the sewage with no external emission.
	Exhaust treatment facilities	① Pre-treatment VOCs facilities (3 sets): activated carbon adsorption/desorption + water spray + UV photolysis, with a treatment capacity of 36,000 m ³ /h, 24,000 m ³ /h and 32,000 m ³ /h respectively;
		② Coating line primer VOCs facilities (1 set): activated carbon adsorption/desorption + water spray + UV photolysis, with a treatment capacity of 172,000 m ³ /h;
		③ Coating line intermediary paint, interior paint, exterior paint, black paint and oasthouse VOCs facilities (1 set for each): activated carbon adsorption/desorption + UV photolysis, with a treatment capacity of 122,000 m ³ /h, 72,000 m ³ /h, 182,000 m ³ /h, 50,000 m ³ /h and 15,000 m ³ /h respectively. Above emissions made through 15m exhaust pipes after treatment in compliance with standards.
Hazardous waste treatment facilities	Hazardous waste is temporarily stored in 2 warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	

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Ningbo CIMC Logistics Equipment Co., Ltd.	Wastewater treatment facilities	Industrial wastewater treatment facilities (1 set) with treatment capacity of 200 t/d, industrial wastewater complied with standards after treatment will be reused with an upper limit of 50%, the remaining will be discharged and incorporated into the sewage collection pipes.
	Exhaust treatment facilities	① Coating line water spray organic waste gas treatment facilities (6 sets), with a treatment capacity of 545,000 m ³ /h, emission through 20m (top paint, black paint) or 30m (Secondary zinc-rich, intermediary and interior paint, low-temperature oasthouse, high-temperature oasthouse) exhaust pipes after treatment in compliance with standards;
		② Pre-treatment sanding dust-removing filters (9 sets), with a treatment capacity of 270,000 m ³ /h, emission through two 15m exhaust pipes after treatment in compliance with standards;
		③ Full container sanding dust-removing filters (8 sets), with a treatment capacity of 160,000 m ³ /h, emission through three 15m exhaust pipes after treatment in compliance with standards;
		④ Welding fumes dust-removing filters (2 sets), with a treatment capacity of 80,000 m ³ /h, emission through one 15m exhaust pipe after treatment in compliance with standards;
		⑤ Zeolite runner + RTO facilities (1 set), with a treatment capacity of 60,000 m ³ /h, emission through one 15m exhaust pipe after treatment in compliance with standards.
Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	
Shanghai CIMC Baowell Industries Co. Ltd.	Wastewater treatment facilities	Industrial wastewater treatment facilities (1 set) with treatment capacity of 30 t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission.
	Exhaust treatment facilities	① Pre-treatment VOCs RTO facilities (1 set), with a treatment capacity of 36,000 m ³ /h, emission through 16.5m-height exhaust pipes after treatment in compliance with standards;
		② Zinc-rich paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 81,000 m ³ /h, emission through 20m-height exhaust pipes after treatment in compliance with standards;
		③ Exterior paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 100,000 m ³ /h, emission through 20m-height exhaust pipes after treatment in compliance with standards;
		④ Intermediary and interior paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 91,000 m ³ /h, emission through 20m-height exhaust pipes after treatment in compliance with standards;
		⑤ Pre-treatment sanding dust-removing filters (5 sets), with a treatment capacity of 149,000 m ³ /h, emission through three 15m-height exhaust pipes after treatment in compliance with standards;
		⑥ Second-time sanding dust filters (4 sets), with a treatment capacity of 214,000 m ³ /h, emission through one 15m-height and one 16m-height exhaust pipes after treatment in compliance with standards;
		⑦ Welding fumes dust-removing filters (9 sets), with a treatment capacity of 589,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards.
Hazardous waste treatment facilities	Stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	

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Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	Wastewater treatment facilities	Industrial sewage treatment facility (1 set) with treatment capacity of 100 t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission.
	Exhaust treatment facilities	① VOCs control facilities (4 sets), spiral water painting mist removal treatment system + filtration + activated carbon adsorption + steam desorption + condensation recovery treatment, a total of 350,000 (Nm ³ /h), emission through 30m exhaust pipes after treatment in compliance with standards;
		② Pre-treatment dust control facility (5 sets);
		③ Second-time sanding dust control facility (3 sets).
Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	
Taicang CIMC Containers Co., Ltd.	Wastewater treatment facilities	1 sewage treatment station, with a treatment capacity of 80 m ³ /d, which is recycled after treatment in compliance with standards, and the sewage with no external emission (share with standard container and special container).
	Exhaust treatment facilities	① Water rotary spray + filter cotton + activated carbon adsorption device (3 sets), with a designed maximum air volume of 120,000 m ³ /h, emission through 30m exhaust pipes after treatment in compliance with standards;
		② Filter dust removal facilities (4 sets), the total installed design air volume is 15,000 m ³ /h, the front and rear design air volume is 47,000 m ³ /h, the chassis design air volume is 31,000 m ³ /h, and the side panel design air volume is 21,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		③ Multi-tube cyclone + filter dust removal (1 set), with a designed air volume of 40,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards.
Hazardous waste treatment facilities	Stored in hazardous waste warehouses (share with standard container and special container). The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	
Taicang CIMC Special Logistics Equipment Co. Ltd.	Wastewater treatment facilities	1 sewage treatment station, with a treatment capacity of 80 m ³ /d, which is recycled after treatment in compliance with standards, and the sewage with no external emission (share with standard container and special container).
	Exhaust treatment facilities	① The coating line has 4 sets of water rotary spray + filter cotton + activated carbon adsorption devices, primer paint area: 20,000 for primer paint pre-painted room + 50,000 for primer paint spraying room = 70,000; intermediary paint area: 20,000 for intermediary paint pre-painted room + 50,000 for intermediary paint spraying room + 45,000 for interior paint room = 115,000; exterior paint pre-painting area: 55,000 for exterior paint pre-painted room + 6,000 for high temperature drying room = 61,000; exterior paint spraying room area: 45,000 for exterior paint spraying room + 45,000 for dividing line room = 90,000; emission through 30m exhaust pipes after treatment in compliance with standards;
		② There are 3 sets of filter dust removal for welding fume removal, 1# dust collector air volume: 22,000 m ³ /h; 2# dust collector air volume: 16,000 m ³ /h; 3# dust collector air volume: 35,000 m ³ /h; emission through 15m exhaust pipes after treatment in compliance with standards;
		③ Pretreatment: 3 sets of multi-tube cyclone + filter dust removal, with designed air volume of 40,000 m ³ /h/set, and the total air volume of 3 sets is 120,000 m ³ /h; emission through 15m exhaust pipes after treatment in compliance with standards;
		④ Pretreatment: 1 set of water curtain + filter cotton + molecular sieve + RTO, with designed air volume of 60,000 m ³ /h; emission through 30m exhaust pipes after treatment in compliance with standards.
Hazardous waste treatment facilities	Stored in hazardous waste warehouses (share with standard container and special container). The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	

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CIMC Taicang Refrigeration Equipment Logistics Co., Ltd.	Wastewater treatment facilities	The grid and sedimentation tank chlorinated salt are used for flocculation and sedimentation treatment facilities (1 set), with a treatment capacity of 45 m ³ /d. The wastewater generated by the water mist spray device is recycled and reused, and the sewage with no external emission.
	Exhaust treatment facilities	<p>① Cyclone dust removal + bag collectors (15 sets), with a treatment capacity of 45,000 m³/h (2 sets), 50,000 m³/h (7 sets); 20,000 m³/h (2 sets) and 55,000 m³/h (4 sets), respectively;</p> <p>② Bag collectors (2 sets), with a treatment capacity of 20,000 m³/h;</p> <p>③ Water curtain spray + filter cotton + bag collectors + secondary activated carbon adsorption (activated carbon supporting catalytic combustion device) (3 sets), with a treatment capacity of 40,000 m³/h (2 sets, of which all tail gas returned to the workshop for one set and part of tail gas returned to the workshop for another) and 30,000 m³/h (1 set), respectively;</p> <p>④ Regenerative catalytic combustion bed + exhaust gas return to the workshop facilities (1 set), with a treatment capacity of 5,000 m³/h;</p> <p>⑤ Bag collectors + paint mist filter + molecular sieve rotor concentration + endothermic catalytic combustion device (1 set), with a treatment capacity of 60,000 m³/h;</p> <p>⑥ filter cotton + secondary activated carbon adsorption device (supporting activated carbon catalytic combustion regeneration device) (5 sets), with a treatment capacity of 50,000 m³/h (3 sets), 30,000 m³/h (1 set) and 16,000 m³/h (1 set), respectively, emission through exhaust pipes after treatment in compliance with standards;</p> <p>⑦ All treatment facilities, emission through 15m exhaust pipes after treatment in compliance with standards.</p>
	Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	Wastewater treatment facilities	Waste water treatment facilities (1 set) with capacity of 600 t/d, and emission when complied with standards after treatment.
	Exhaust treatment facilities	<p>① 1 set of VOCs activated carbon adsorption + desorption with treatment capacity of 80,000 m³/h for pre-treatment; emission through one 16m exhaust pipe after treatment in compliance with standards;</p> <p>② 1 set of VOCs activated carbon adsorption and desorption with catalytic combustion with treatment capacity of 100,000 m³/h, emission through one 25m exhaust pipe after treatment in compliance with standards;</p> <p>③ 3 sets of VOCs activated carbon adsorption and desorption with treatment capacity of 160,000 m³/h + 160,000 m³/h + 40,000 m³/h respectively, emission through five 16m exhaust pipes after treatment in compliance with standards;</p> <p>④ 4 sets of sanding dust-removing filter with treatment capacity of (33,000 *4) m³/h, emission through four 15m exhaust pipes after treatment;</p> <p>⑤ 2 sets of full container sanding dust-removing filter with treatment capacity of (50,000 *2) m³/h, emission through two 15m exhaust pipes after treatment;</p> <p>⑥ 2 sets of welding dust-removing filter, with treatment capacity of (85,000 *2) m³/h, emission through two 15m exhaust pipes after treatment.</p>
	Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party for transportation and treatment of hazardous waste.

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Yangzhou Runyang Logistic Equipment Co., Ltd.	Wastewater treatment facilities	The wastewater treatment systems are upgraded in accordance with the requirements of "clean water and sewage diversion, rainwater and sewage diversion, separate collection, and quality-based treatment".		
		①	The watertight test wastewater is recycled after sedimentation and filtration with no external emission;	
		②	The remaining production wastewater is reused after being treated by the sewage treatment station in the plant with no external emission;	
		③	After the waste water is pretreated by the septic tank, the canteen wastewater is pretreated by the grease trap and then connected to the municipal sewage pipe network and sent to the Liuwei Wastewater Treatment Plant of Yangzhou for centralized treatment.	
	Exhaust treatment facilities	①	The gas generated by the pre-treatment line is collected by the pipeline under negative pressure, and then discharged through the 15m-height exhaust pipes after being processed by the "multiple cyclone dust removal + filter dust removal + water curtain dust collector" device;	
		②	The welding gas of the standard container line and the special container A line is collected by the collecting hood and then and then discharged through the 15m-height exhaust pipes after being processed by the "filter cartridge filter" or "plate soldering dust remover" device;	
		③	After collecting the waste gas from the second sanding of the standard container line, the special container line A and the special container line B by the negative pressure of the pipeline, the exhaust gas is centralized discharged through the 15m-height exhaust pipes after being processed by the "filter element dust removal + water filter dust removal system" or "filter barrel filter" equipped with the equipment;	
		④	The light-tight exhaust gas of the standard container line is collected by the negative pressure, and then discharged through the 15m-height exhaust pipes after being treated by the "filter dust collector";	
		⑤	Organic exhaust gas and particulate matter of paint mist sprayed on pretreatment line and special container B line (oily paint), after being collected by negative pressure, were centralized discharged through the 15m-height exhaust pipes after being treated by "primary and intermediate filtration + activated carbon adsorption and desorption + catalytic combustion device";	
⑥		Organic exhaust gas and particulate matter of paint mist sprayed on standard container line, special container A line coating line (water-based paint), after being collected by negative pressure, were centralized discharged through the 15m-height exhaust pipes after being treated by "primary medium effect filtration + activated carbon adsorption" and "water curtain/water rotation + preliminary medium effect filtration + activated carbon adsorption";		
⑦		The exhaust gas from the sewage treatment station is collected by the negative pressure, and centralized discharged through the 15m-height exhaust pipes after being treated by the "activated carbon adsorption device".		
	Hazardous waste treatment facilities	The waste gas from storage and paint residue drying in hazardous waste depot is collected by negative pressure and centralized discharged through the 15m-height exhaust pipes after being treated by "activated carbon adsorption device". The paint residue is reduced by about 1/3 weight after being dried by the drying equipment. The company commissions qualified company to properly dispose the dried paint residue.		
Yangzhou Tonglee Reefer Container Co., Ltd.	Wastewater treatment facilities	There is no production wastewater; domestic wastewater is filtered through oil separator and septic tank respectively, and then centralized into sewage treatment plant through the outlet of domestic wastewater.		
	Exhaust treatment facilities	①	2 sets of VOCs zeolite runner + catalytic oxidation facility for coating treatment, with a treatment capacity of 300,000 m ³ /h, emission through exhaust pipes after treatment;	
		②	The second-time sanding particles are filtered by gravity dust removal + cyclone dust removal + filter element dust removal, with a treatment capacity of 100,000 m ³ /h, emission through exhaust pipes after treatment in compliance with standards;	

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		③	The flame cutting particles in the parts section are filtered through the filter cartridge, with a treatment capacity of 5,400m ³ /h. After reaching the standard, emission through exhaust pipes after treatment in compliance with standards;
		④	The total assembly 1 # wire welding fume is discharged after treated by the fixed welding fume dedusting; other welding fumes are discharged after treated by mobile welding fume dedusting devices.
	Hazardous waste treatment facilities		Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Qingdao CIMC Container Manufacture Co., Ltd.	Wastewater treatment facilities		1 set of industrial sewage treatment facilities, with a treatment capacity of 120 t/d. Most of them are reused after treatment, and a few of them are discharged and incorporated into the sewage collection pipes after standard treatment.
	Exhaust treatment facilities	①	Molecular sieve adsorption + catalytic combustion organic waste gas treatment facility (1 set) with a treatment capacity of 140,000 m ³ /h, emission through 20m exhaust pipes P5 after treatment in compliance with standards;
		②	Activated carbon adsorption + catalytic combustion of organic waste gas treatment facilities (4 sets) with a treatment capacity of 120,000 m ³ /h (2 set) and 140,000 m ³ /h (2 sets) respectively, emission in P1 through 20m exhaust pipes after treatment and emission in P2, P3, P4 through 33m exhaust pipes after treatment in compliance with standards;
		③	Cyclone filter barrel dust collector + water curtain dust collector (8 sets), emission through 15m exhaust pipes after treatment in compliance with standards;
		④	Cyclone filter barrel dust collectors (3 sets), emission through 15m exhaust pipes after treatment in compliance with standards.
	Hazardous waste treatment facilities		Equipped with temporary storage rooms for hazardous waste with measures to prevent rain wash, leakage and draining. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Wastewater treatment facilities		Spray paint wastewater medicine feeding (PAC, PAM) recycling and reuse treatment facility with treatment capacity of 50 t/d. The company commissions external institutions for subsequent treatment with no discharge into the environment.
	Exhaust treatment facilities	①	2 sets of VOCs activated carbon adsorption + RTO facilities with treatment capacity of 20,000 m ³ /h for pre-treatment, emission through 15m exhaust pipes after treatment in compliance with standards;
		②	1 set of glue spray VOCs activated carbon adsorption + RTO facilities with treatment capacity of 80,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		③	1 set of painting VOCs activated carbon adsorption + RTO facilities with treatment capacity of 120,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		④	4 sets of filter bags dust-removing facilities with treatment capacity of 20,000 m ³ /h for pre-treatment, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑤	4 sets of filter bags dust-removing facilities in container sandblasting with treatment capacity of 80,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑥	4 sets of filter bags dust-removing facilities in container zinc blasting with treatment capacity of 55,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards.

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	Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	
Qingdao CIMC Special Reefer Co., Ltd.	Wastewater treatment facilities	Spray paint wastewater medicine feeding (PAC, PAM) recycling and reuse treatment facility with treatment capacity of 50 t/d. The company commissions external institutions for subsequent treatment with no discharge into the environment.	
	Exhaust treatment facilities	①	1 set of VOCs activated carbon adsorption + RTO facilities with treatment capacity of 20,000 m ³ /h for pre-treatment, emission through 15m exhaust pipes after treatment in compliance with standards;
		②	1 set of panel spray painting VOCs activated carbon adsorption + RTO facilities for with treatment capacity of 60,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		③	1 set of primer spray painting VOCs activated carbon adsorption + RTO facilities for with treatment capacity of 40,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		④	1 set of intermediate spray painting VOCs activated carbon adsorption + RTO facilities for with treatment capacity of 40,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑤	1 set of top spray painting VOCs activated carbon adsorption + RTO facilities for with treatment capacity of 40,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑥	3 sets of filter bags dust-removing facilities with treatment capacity of 20,000 m ³ /h for pre-treatment, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑦	1 set of filter bags dust-removing facilities in container sanding with treatment capacity of 80,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑧	1 set of filter bags dust-removing facilities in container sandblasting with treatment capacity of 50,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
		⑨	4 sets of filter bags dust-removing facilities in container zinc blasting with treatment capacity of 50,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards;
⑩	2 sets of filter bags dust-removing facilities for welding dust removal, with treatment capacity of 38,900 m ³ /h and 57,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards.		
	Hazardous waste treatment facilities	Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.	

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Tianjin CIMC Containers Co., Ltd.	Wastewater treatment facilities	①	Industrial sewage treatment facility (1 set) with treatment capacity of 100 t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission;
		②	Domestic sewage treatment facility (1 set) with treatment capacity of 450 t/d, part of which is recycled after treatment in compliance with standards, and the remaining sewage are discharged to sewage treatment plant.
	Exhaust treatment facilities	①	Thick plate pre-treatment VOCs control facilities (1 set): Applied zeolite runner adsorption concentration + RTO facility, with treatment capacity of 54,000 m ³ /h, emission through 20m exhaust pipes after treatment in compliance with standards;
		②	Thin plate pre-treatment VOCs control facilities (1 set): activated carbon adsorption and desorption + catalytic combustion facilities, with treatment capacity of 22,000 m ³ /h, emission through 30m exhaust pipes after treatment in compliance with standards;
		③	Painting VOCs control facilities (3 sets): water scrubber +activated carbon adsorption and desorption + catalytic combustion facilities, with treatment capacity of 420,000 m ³ /h, emission through 30m exhaust pipes after treatment in compliance with standards;
	④	Dust control facilities (11 sets): one-level sedimentation pond + multi-cyclone dust collectors + bag dust collectors, with a total treatment capacity of 443,000 m ³ /h, emission through 15m exhaust pipes after treatment in compliance with standards.	
	Hazardous waste treatment facilities		Temporarily stored in hazardous waste warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Dalian CIMC Logistics Equipment Co., Ltd.	Wastewater treatment facilities	①	Industrial sewage treatment facility (2 sets) with designed treatment capacity of 120 t/d, which is recycled after treatment and the sewage with no external emission;
		②	Domestic sewage is treated by septic tanks and grease traps and discharged into the municipal sewage treatment plant in the territory.
	Exhaust treatment facilities	①	8 sets of VOCs activated carbon adsorption and regenerative combustion devices, with designed treatment capacity of 700,000 m ³ /h, emission through over 15m exhaust pipes at high altitude after treatment in compliance with standards;
		②	7 sets of dust exhaust filter treatment facilities with designed treatment capacity of 210,000 m ³ /h, which is discharged at high altitude after reaching the standard treatment, emission at high altitude after treatment in compliance with standards.
	Hazardous waste treatment facilities		Equipped with 1 hazardous waste warehouse and 3 temporary storage warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.
Zhuzhidian CIMC Huajun Casting Co. Ltd.	Wastewater treatment facilities		No wastewater treatment facilities (no production wastewater discharged), but equipped with sedimentation pools for domestic wastewater discharge.
	Exhaust treatment facilities	①	Applied pulse + bag collectors (exhaust) equipment and facility, and installed automatic online monitoring system;
		②	The paint line is equipped with an exhaust gas treatment facility (activated carbon, filter cotton);
	③	Increased secondary dust collection facilities in the smelting area, and oil paint facility transformed into water-based paint spraying facility, and installed VOC processing facilities in core-making area.	
	Hazardous waste treatment facilities		No hazardous waste treatment facilities, but equipped with hazardous waste warehouses. The company commissions qualified third party institutions for treatment of hazardous waste.

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Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	Wastewater treatment facilities	The production wastewater in the plant area in Yangtze River road is hydrostatic test wastewater and spray paint leaching wastewater:	
		①	The hydraulic test wastewater and spray rinsing wastewater are recycled. The domestic sewage is discharged into the sewage pipe network and treated by the sewage treatment plant after being settled by the septic tank;
		②	There are sewage treatment stations in the plant area in Linjiang Road, and the treatment facilities are under normal operation. The treated wastewater is discharged into the sewage pipe network and treated by the sewage treatment plant.
	Exhaust treatment facilities	①	Exhaust from the paint house in the plant area in Yangtze River road is discharged after being treated by activated carbon adsorption + catalytic combustion device;
②		KTL line electrophoresis drying exhaust gas in the plant area in Linjiang Road is discharged after being treated by catalytic combustion device, and powder solidified exhaust gas is discharged after being treated by activated carbon adsorption device.	
	Hazardous waste treatment facilities	There are hazardous waste warehouses, and the collection, storage and transshipment of hazardous waste are carried out in accordance with relevant laws and regulations.	
Shenzhen CIMC Special Vehicle Co., Ltd.	Wastewater treatment facilities	There is one set of sewage treatment facilities, which mainly processes the pre-treatment wastewater of electrostatic spray powder silane liquid on the coating line. The treated water is recycled and no production wastewater is produced. The device is currently running normally.	
	Exhaust treatment facilities	①	Equipped with organic waste gas treatment facilities for water-based paint spraying, drying and powder drying (4 sets). The equipment is currently in normal use;
		②	Equipped with sanding exhaust treatment devices (1 set). The equipment is currently in normal use;
		③	Equipped with welding fumes control facilities (3 sets). The equipment is currently in normal use;
④		Equipped with cooking fume purifier device (1 set). The equipment is currently in normal use.	
	Hazardous waste treatment facilities	Equipped with 1 temporary hazardous waste storage warehouse with the floor area of 1.2 million m ² . The warehouse is currently in normal use.	
Dongguan CIMC Special Vehicle Co., Ltd.	Wastewater treatment facilities	The coating workshop is equipped with a wastewater treatment station with a total treatment capacity of 237 t/d. The phosphating wastewater treatment system and the nonphosphorus wastewater treatment system are separately set for different characteristics of the paint shop wastewater:	
		①	Phosphating wastewater treatment system adopts physical and chemical precipitation + ultrafiltration + RO reverse osmosis + DTRO + evaporation concentration process. After the treatment reaches the reuse water standard, the reclaimed water is reused to the phosphating process, while the concentrated wastewater is entrusted to external agencies for environmentally friendly and harmless treatment, thus realizing zero discharge of heavy metals;
		②	Non-phosphorus wastewater treatment system adopts physical and chemical precipitation + biochemical process + ultrafiltration + RO reverse osmosis + sand filtration process. The treated water which reaches the reuse standard is reused to the processes of pure water preparation, degreasing and washing. The concentrated water produced is further treated and discharged after reaching the level 4 standard of surface water.
		The painting workshop has special personnel responsible for the daily operation of the wastewater treatment system, and each shift records the operation of the wastewater treatment station. All the wastewater treatment stations operated normally.	

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	Exhaust treatment facilities	①	3 sets of laser cutting flue gas collection and treatment facilities with a total capacity of 18,000 m ³ /h;
		②	6 sets of robotic welding flue gas collection and treatment facilities, with a total capacity of 147,000 m ³ /h;
		③	1 set of sanding and dust removal system with a total capacity of 73,000 m ³ /h;
		④	1 set of electrophoresis tank organic waste gas filtering device, with a total capacity of 36,500 m ³ /h;
		⑤	1 set of electrophoresis drying room exhaust gas catalytic combustion treatment device, with a total capacity of 3,000 m ³ /h.
	Hazardous waste treatment facilities		The company has a temporary storage warehouse for hazardous wastes with site area of 262 m ² . The surface of the warehouse has been hardened and is impermeable. Cofferdams are installed around the warehouse to prevent leakage. Different types of hazardous wastes are stored separately in the warehouse, and classified labels are set on the site.
CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd.	Wastewater treatment facilities		Sewage treatment facility, which are currently in normal operation.
	Exhaust treatment facilities	①	VOCs control facilities (activated carbon adsorption + catalytic combustion), which are currently in normal operation.
		②	Multi-tube parallel welding fume treatment facility, mobile welding fume processor, which are currently in normal operation.
	Hazardous waste treatment facilities		Two hazardous waste storage rooms, which are currently in normal use.
CIMC Vehicles (Shandong) Co., Ltd.	Wastewater treatment facilities		The self-built production wastewater treatment station and domestic sewage treatment station:
		①	The production wastewater is treated by electro-oxidation + air flotation + biofilm reaction + precipitation reverse osmosis treatment, and is reused in the production workshop for recycling;
		②	Domestic sewage is treated by combining physical and biochemical processes, with biochemical processes as the dominant process, and discharged into the municipal sewage pipe networks and finally into the first Sewage Treatment Plant in Zhangqiu District after meeting the Grade A standard in the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015).
	Exhaust treatment facilities		Hydrocyclone+dry filtration+activated carbon adsorption+ catalytic combustion, UV photolysis oxidation purification treatment equipment, bag dust removal, applied to treat exhaust gas from spray painting workshop, panel making workshop, foaming process and grinding workshop. Various types of exhaust gas are emitted at high altitude in accordance with national standards.
	Hazardous waste treatment facilities		The company has temporary storage rooms for hazardous waste, which was constructed in accordance with the relevant requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001). The storage and placing methods of hazardous waste in the factory and the storage period in the factory strictly meet relevant regulations requirements, and measures on the floor are adopted to prevent leakage, leaching and seepage.
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Wastewater treatment facilities		Self-built sewage treatment station (anaerobic + aerobic + precipitation + adsorption filtration), which is currently in normal operation.
	Exhaust treatment facilities	①	Spray + UV photocatalytic + activated carbon adsorption, which is currently in normal operation;
		②	The fixed welding fume removal equipment and mobile welding fume removal equipment, which are currently in normal operation.
	Hazardous waste treatment facilities		Temporary storage warehouse for hazardous waste, which is currently in normal operation.

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Qingdao CIMC Special Vehicle Co., Ltd.	Wastewater treatment facilities	Equipped with 1 set of paint spraying wastewater treatment flocculation facility, which is currently in normal use.	
	Exhaust treatment facilities	①	Equipped with 1 set of zeolite runners for spraying exhaust gas treatment + catalytic combustion facility, which is currently in normal use;
		②	The assembly workshop has a set of sand exhaust gas treatment devices, and the facilities are currently in normal use;
③		The laser cutting machine in the blanking workshop is equipped with 1 set of smoke collecting device, and the facility is currently in normal use;	
④		The welding workshop automatic welding equipment is equipped with 1 set of soot collecting devices, and the facilities are currently in normal use;	
⑤		The welding workshop is equipped with 2 sets of mobile soot collecting devices, and the facilities are currently in normal use.	
Hazardous waste treatment facilities	Equipped with 2 temporary storage points for hazardous waste, which are currently in normal use.		
Qingdao CIMC Environmental Protection Equipment Co., Ltd.	Wastewater treatment facilities	Equipped with 1 set of wastewater treatment facility for pre-spraying treatment, which is currently in normal use.	
	Exhaust treatment facilities	①	1 set of activated carbon + catalytic combustion facility for spray paint exhaust gas treatment, which is currently in normal use;
		②	The paint spraying workshop Equipped with 1 set of putty sanding exhaust gas treatment device, which is currently in normal use;
		③	The laser cutting machine in the cutting workshop equipped with 1 set of fume collection device, which is currently in normal use;
④		The welding workshop equipped with 2 sets of mobile fume collection devices, which are currently in normal use.	
Hazardous waste treatment facilities	Equipped with 1 temporary storage point for hazardous waste, which is currently in normal use.		
Liangshan CIMC Dongyue Vehicle Co., Ltd.	Wastewater treatment facilities	1 set of spraying wastewater treatment facility and 1 set of domestic sewage treatment facility.	
	Exhaust treatment facilities	Currently it is activated carbon adsorption, which is being transformed into activated carbon adsorption+ catalytic combustion; the factory is equipped with several mobile welding fume purifiers.	
	Hazardous waste treatment facilities	Equipped with a hazardous waste warehouse. The company commissions qualified companies for treatment of hazardous waste.	
Shandong Wanshida Special Purpose Vehicle Manufacturing Co., Ltd.	Wastewater treatment facilities	①	The spraying wastewater is treated by air flotation + Fenton reagent flocculation sedimentation + sedimentation + filtration process, and is recycled for use and regularly replenished with no external discharge;
		②	The domestic wastewater is treated by hydrolytic acidification + SBR + deoxidation + sand filtration + disinfection process, and is used for greening with no external discharge.
	Exhaust treatment facilities	①	Hydrocyclone + activated carbon adsorption, the exhaust gas is emitted at high altitude in accordance with national standards;
②		Welding fume is treated by mobile welding fume purifier.	

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	Hazardous waste treatment facilities	The company has temporary storage rooms for hazardous waste, which was constructed in accordance with the relevant requirements of the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001). The storage and placing methods of hazardous waste in the factory and the storage period in the factory strictly meet relevant regulations requirements, and measures on the floor are adopted to prevent leakage, leaching and seepage.
Nantong CIMC Tank Equipment Co., Ltd.	Wastewater treatment facilities	The company has dedicated wastewater treatment facilities, which are operated 24 hours by dedicated persons during the production period. The operators possess qualification certificates issued by the environmental protection department of Nantong City. The generated wastewater is discharged after treatment in compliance with the standard. The sewage outlet is properly set up and online monitoring instruments are installed.
	Exhaust treatment facilities	Water curtain absorption + dry filtration + activated carbon adsorption + on-line desorption + catalytic combustion treatment process are applied and discharge outlets are properly set up, which are currently in normal operation.
	Hazardous waste treatment facilities	Dedicated hazardous waste storage place equipped with collection ditch and collection pool, and with measures to prevent rain wash, scattering and draining, and equipped with exhaust gas collection and treatment facilities and video surveillance. Hazardous waste identification labels are posted as required. It is managed by dedicated persons.
Nantong CIMC Energy Equipment Co., Ltd.	Wastewater treatment facilities	Sewage treatment station, which is currently in normal operation.
	Exhaust treatment facilities	Dust removal system, organic exhaust gas treatment system and bag dust removal, which are currently in normal operation.
	Hazardous waste treatment facilities	Temporary storage place for hazardous waste, which is currently in normal operation.
Sanctum Cryogenic Equipment Machinery	Wastewater treatment facilities	① Pickling wastewater: regulating pool + Fenton + anaerobic + aerobic + precipitation + reverse osmosis + MVR evaporation; ② Paint wastewater: collecting tank + air flotation + anaerobic + aerobic + sedimentation pool; The two sets of wastewater treatment facilities is currently in normal operation, and the process reuse requirements are met after treatment.
	Exhaust treatment facilities	① 2 sets of organic exhaust gas treatment facilities: water curtain + filter cotton + activated carbon + desorption combustion; ② 1 set of organic exhaust gas treatment facilities: filter cotton + activated carbon + desorption combustion; ③ 4 sets of dust and exhaust gas treatment facilities: bag dust collector; A total of 7 sets of exhaust gas treatment facilities are currently in stable operation, and exhaust gas is emitted after meeting the standards.
	Hazardous waste treatment facilities	One hazardous waste warehouse with area of 220 m ² , with three-proofing measures and equipped with video monitoring devices. New hazardous waste signs and hazardous waste labels are replaced in accordance with the requirements of the new Suhuanban (2019) No. 327 document to ensure that environmental requirements are met.
	Other environmental protection facilities	Two acoustic barrier are erected at the southern and western plant boundaries to ensure that environmental noise data at the plant boundary meets the required emission standards.

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Shijiazhuang Enric Gas Equipment Co., Ltd.	Wastewater treatment facilities	①	Pickling wastewater: 2 sets of pickling and alkali spray facilities; 2 sets of ionizer + aeration oxidation + filter press treatment system, which are currently in good operation;
		②	Canteen sewage and employee sewage: The canteen sewage is discharged into the integrated septic tank for treatment together with the employee sewage through the grease trap, which is currently in good operation;
		③	1 set of bottle washing wastewater pre-treatment system, which is currently in good operation;
		④	Sewage treatment station: The process of "water-collecting well + regulating pool + mixed reaction tank + sedimentation pool + hydrolysis acidification tank + contact oxidation tank + secondary sedimentation tank + intermediate water tank + sand filter tank + clean-water tank" is applied (being under upgrading).
	Exhaust treatment facilities	①	1 set of bag-type dust remover; 8 sets of filter dust remover, 18 sets of multilayer filter cotton + activated carbon adsorption device; 2 sets of cyclone dust remover + bag-type dust remover;
		②	1 set of activated carbon adsorption device + catalytic combustion device;
③		2 sets of cyclone dust removal + drum-type dust removal;	
④		Equipped with several mobile welding fume collectors;	
			All the above facilities are currently in good operation.
	Hazardous waste treatment facilities		The company has 1 temporary storage room for hazardous waste and commissions qualified entities for proper treatment of hazardous waste.
Shenzhen CIMC – TianDa Airport Support Ltd.	Wastewater treatment facilities		Equipped with sewage treatment facility (1 set), mainly engaged in the treatment of spray paint rinsing waste water, recycling and use of the treated water and waste water-free production. The equipment is currently in normal use and under regular maintenance.
	Exhaust treatment facilities	①	Equipped with painting exhaust treatment facilities (3 sets) with activated carbon + catalytic combustion. The equipment is currently in normal use;
		②	Equipped with sanding exhaust treatment devices (2 sets) with large cyclone plus filter barrel filtration + water rotary tower filtration. The equipment is currently in normal use;
		③	Equipped with sand cleaning-out exhaust treatment devices (1 set) with bucket filter. The equipment is currently in normal use;
		④	Equipped with cooking fume purifier device (1 set) with electrostatic food fume evolution. The equipment is currently in normal use;
		⑤	Equipped with power generator exhaust treatment device (1 set) with water bath filtration. The equipment is currently in normal use;
		⑥	The diesel powered forklift is equipped with an exhaust gas purification device, and the exhaust gas is discharged after the treatment in compliance with the standards;
		⑦	1 set of canteen fume purification processor;
			All equipment are currently in normal operation.
	Hazardous waste treatment facilities		Equipped with 2 temporary storage points for hazardous waste, and the facilities are currently in normal use.

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C&C Trucks Co., Ltd.	Wastewater treatment facilities	The wastewater in the factory area is treated by the self-built sewage treatment station, and adopted pre-treatment + primary treatment + secondary biochemical treatment. The wastewater in the factory area is treated by the sewage treatment station and enters the riverside sewage treatment plant. The equipment runs normally.
	Exhaust treatment facilities	<p>① Bag dust collector is built in shot blasting line of frame combined workshop, and the equipment is in normal operation;</p> <p>② RTO combustion device is built for frame electrophoresis drying in frame combined workshop, and the equipment is in normal operation;</p> <p>③ Venturi paint mist capturing system is built in the paint spraying room of the car body painting workshop, and the equipment is in normal operation;</p> <p>④ A DFTO exhaust gas incinerator imported from Germany was built in the paint drying room of the body painting workshop, and the equipment is in normal operation;</p> <p>⑤ A DFTO exhaust gas incinerator imported from Germany was built in electrophoresis drying room of car body painting workshop, and the equipment is in normal operation;</p> <p>⑥ An exhaust gas adsorption and filtration system was equipped in the paint refinishing room of car body painting workshop, and the equipment is in normal operation;</p> <p>⑦ Welding fume purifiers were installed at welding stations; and the exhaust gas collection devices at the assembly line were debugged and activated.</p>
	Hazardous waste treatment facilities	Hazardous waste is stored properly, equipped with a solid waste warehouse in the factory. The company commissions qualified entities for treatment of hazardous waste.

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Environmental impact assessment of construction projects and other environmental protection administrative licensing

Environmental impact assessment	35 critical pollutant dischargers have declared environmental impact assessment and obtained approval.
Sewage permits	<p>① 21 critical pollutant dischargers has obtained the national sewage permit: TCCIMC TUE, TCCIMCS, TCCRC, Yangzhou Runyang, Nantong CIMC, CIMC Yangshan, Huajun Vehicle Trading, YZTH, Shenzhen CIMCSV, Dongguan CIMCSV, XASV, Shandong CIMC, Wuhu Vehicle, QDSV, QDEV, LSDYV, Shandong Wanshida, Nantong Tank Container, Nantong CIMC Energy Equipment, Sanctum Cryogenic Equipment, C&C Trucks.</p> <p>② 7 critical pollutant dischargers hold local sewage permits: Xinhui CIMC, XHCIMCS, SCIMCEL, CIMC Baowell, Yangzhou Tonglee, Shijiazhuang Enric, Shenzhen CIMC TianDa;</p> <p>③ 7 critical pollutant dischargers are waiting for national sewage permits from the local environmental protection authorities: Dongguan Southern, Ningbo CIMC, QCIMC, QDCIMCS, Tianjin CIMC, Dalian CIMC;</p>
Other environmental protection administrative licensing	<p>① CIMC Baowell: holds Shanghai municipal water discharge permits (Shanghai Water Affairs Certificate No. 056125080);</p> <p>② CIMC Yangshan: holds Shanghai municipal water discharge permits (Verification of Shanghai and Pudong Water Authority [2017] No. 662);</p> <p>③ Nantong CIMC holds permits for urban wastewater discharge urban into drainage network (Approval on Discharge of Jiangsu and Nantong No. 2019081);</p> <p>④ Nantong Tank Container holds radiation safety permits (Jiangsu Environmental and Radiation Certificate (00045));</p> <p>⑤ Nantong CIMC Energy Equipment holds radiation safety permits (Jiangsu Environmental and Radiation Certificate (01351));</p> <p>⑥ Sanctum Cryogenic Equipment holds radiation safety permits (Jiangsu Environmental and Radiation Certificate (E0864));</p> <p>⑦ Shijiazhuang Enric olds radiation safety permits (Jiangsu Environmental and Radiation Certificate (A0138));</p>

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Contingency plans for unexpected environment-related events

Whether the contingency plans have been prepared and have valid period	34 critical pollutant dischargers have prepared the environmental contingency plans and the emergency plan of 1 critical pollutant discharger, namely Dongguan CIMCSV, is under reviewing.
Whether the contingency plans have been filed at governmental agencies	34 critical pollutant dischargers have prepared the environmental contingency plans and the emergency plan of 1 critical pollutant discharger, namely Dongguan CIMCSV, is in the process of filing.
Whether the emergency drill has been carried out and documented	All 35 critical pollutant dischargers have carried out environment-related emergency drills.

Self-monitoring environmental program

The 35 critical pollutant dischargers carry out environmental monitoring, and delegate qualified inspection agencies to carry out regular inspections on exhaust, wastewater, noise, etc.

Other discloseable environmental information

35 critical pollutant dischargers under the Group’s subsidiaries have publicized their environmental information through other channels such as websites of relevant governments or enterprises.

Other environment-related information

Dongguan CIMC Vehicle was awarded as a national green factory. Tianjin CIMC and WHVS were awarded as provincial green factories. WHVS was awarded as a “National Green Supply Chain Management Demonstration Enterprise”. TCCIMC TUE and TCCIMCS were awarded as “Blue Rating Enterprises” of local environmental credit evaluation by local regulatory authorities. Nantong CIMC was awarded as a “Green Rating Enterprise” of local environmental credit evaluation by local regulatory authorities.

Whether the Company publishes social responsibility report

Yes No

Nature of the Company	Social responsibility report			Report disclosure standards	
	Whether includes information on environment	Whether includes information on society	Whether includes information on corporate governance	Domestic standards	Foreign standards
Others	Yes	Yes	Yes	GSRI-CHINA2.0 and the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Hong Kong Listing Rules	GRI

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Continuous improvement

1. Whether received environmental management system certification (ISO14001)	A total of 48 enterprises within the Group obtained environmental management system certifications (ISO14001), and 25 out of the 35 critical pollutant dischargers were certified.
2. The annual expense in respect of environmental protection (RMB thousand)	The Group has invested more than RMB328.606 million in environmental protection in the year, of which more than RMB271.151 million was invested in major sewage discharge enterprises in the first half of the year.
3. The emissions reduction performance of "waste gas, wastewater and waste residue"	<p>Container manufacturing segment</p> <p>① Waste gas:</p> <p>In management and control of raw materials, the segment worked with suppliers to improve the environmental protection quality of water paint, control the content of VOCs, benzenes and other harmful substances in water paint, and control pollutants from the source. Advanced molecular sieve concentration runner+high temperature oxidation process is adopted by Xinhui TEU, XHCIMCS, Southern CIMC, Dongguan Southern, Yangzhou Runyang, Yangzhou Tonglee, QCIMC and other enterprises to treat organic waste gas, realizing more efficient, stable and reliable standard treatment.</p> <p>② Wastewater:</p> <p>The coating wastewater treatment process is actively explored, most enterprises have achieved zero discharge of industrial wastewater at present; at the same time, some enterprises are also researching and developing processes for the treatment and reuse of domestic sewage. For example, Tianjin CIMC used the domestic sewage (reclaimed water) treated by the domestic sewage treatment station for paint mixing production, water tightness test and greening, achieving zero discharge of domestic sewage.</p> <p>③ Waste residue:</p> <p>The coating technology group of the container segment actively explores advanced coating technologies such as electrostatic spraying to improve the coating efficiency and reduce the amount of hazardous wastes from the source. Legal and compliant implementation of hazardous waste reduction projects. Replacing traditional paint buckets with recyclable packaging barrels is put into force in the whole container segment, eliminating the generation link of waste paint buckets from the source, which is expected to reduce hazardous waste by more than 20%. In combination with the characteristics of water-based paint residue with high water content, a paint residue drying project is carried out to reduce the weight of paint residue by more than 50% and realize the reduction of hazardous waste.</p> <p>Road transportation vehicles segment</p> <p>① Waste gas:</p> <p>In 2019, CIMC Vehicles continued to promote the upgrading of production line. Various factories carried out technical upgrading and transformation of the painting line as well as coating exhaust treatment facilities. For example, Shenzhen CIMC Vehicle, Wuhu Vehicle and Luoyang CIMC Lingyu Automobile Co., Ltd. have carried out transformation of the painting line and QDSV and Zhumadian CIMC Huajun Vehicle Co., Ltd. have carried out upgrading and transformation of coating exhaust treatment facilities, greatly reducing exhaust emissions.</p> <p>② Waste residue:</p> <p>It can eliminate the waste oil paint slag from the original paint coating fundamentally by upgrading the coating line, and only a small amount of sludge from wastewater treatment is produced.</p>

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Energy, chemical and liquid food equipment segment

- ① Realizing wastewater emission reduction: Shijiazhuang Enric Gas Equipment Co., Ltd. saves about 1,000 tons water by recycling the deionized water, steel cylinder grinding water and acidic washing water. SOE processes and reuses cleaning waste water, achieving the recycling of water resources, saving 120 tons of water every year.
- ② Adding VOCs treatment facilities: Nantong Tank Container, Sanctum Cryogenic Equipment and Enric (Nantong) CIMC Food Equipment Co., Ltd. have added painting exhaust treatment facilities to reduce the VOCs emissions. Nantong Tank Container and Sinopacific Offshore & Engineering Co., Ltd. have set up exhaust gas collection devices in hazardous waste warehouses to conduct centralized treatment of exhaust gas, reduce VOCs emissions and achieve good environmental improvement effect.
- ③ Controlling the fugitive emission: Nantong CIMC Energy reduces the particle emissions by providing gas cylinder pipe cutting and cyclone dust treatment facilities as well as organized emission cyclone dust removal. Enric (Nantong) CIMC Food Equipment Co., Ltd. has built painting foaming room to intensively collect and treat pollution sources, and effectively capture and treat the pollutants (mainly including particulate matter of paint mist, xylene and other VOCs) to ensure that the exhaust gas meet the emission standards.
- ④ Drying the sludge to achieve hazardous waste reduction: Tank Container adopts plate and frame type high pressure diaphragm filter press, which has a filtering area twice of the original filter press with twice press on diaphragm, automatic plate pulling and dumping, automatic plate reversing (water collection in the filtering process) and other functions. After putting into operation, the sludge with water content less than 50% is formed by primary pressure filtration. The annual sludge reduction is about 360 tons, effectively reducing hazardous waste.

Offshore engineering segment

In 2019, the three wastes emission reduction was continued to be included in the key works for tracing and implementation in the offshore engineering segment.

- ① Waste gas:

Haiyang CIMC Raffles Offshore Ltd. has completed the transformation of the pre-treatment workshop in the end of 2019 and is currently advancing the trial operation and acceptance. The results of the first acceptance and testing met the emission standards of Shandong Province in 2020 and it will continue to be tested in the subsequent quarterly monitoring. Longkou CIMC Raffles Offshore Engineering Co., Ltd. upgraded and transformed the dust treatment equipment of the original painting workshop and upgraded the dust emission standard from the original 30mg/m³ to 10mg/m³, meeting the emission standards of Shandong Province in 2020. Oil fume purifiers in canteens, fog guns on sites and sweepers in workshops as well as other equipment and facilities were added.
- ② Waste residue:

Yantai CIMC Raffles Offshore Engineering Co., Ltd. has obtained the approval on the hazardous waste warehouse in 2019 and is undergoing relevant procedures on the subsequent three simultaneous work. The transformation is expected to be completed in 2020. Longkou CIMC Raffles Offshore Engineering Co., Ltd. has completed the transformation of the original hazardous waste warehouse, which has been put into use.
- ③ Management:

The offshore engineering segment collects the original units of various hazardous wastes in each enterprise, and reduces the original units of hazardous wastes through technical and management manners, so as to reduce the production of hazardous wastes from the source. Yantai CIMC Raffles Offshore Engineering Co., Ltd., Haiyang CIMC Raffles Offshore Ltd. and Longkou CIMC Raffles Offshore Engineering Co., Ltd. have initially established the main hazardous waste units, and are currently promoting the improvement of the subject.

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Airport facilities, fire safety and automated logistics equipment segment

① Waste gas:

Shenzhen TianDa Airport Support Ltd. has purchased 6 forklifts that meet the national emission standards, whose exhaust emissions all meet the requirements of the national exhaust emission standards, and which can reduce the waste of paint and VOCs emissions through optimizing the paint mixing process.

② Waste residue:

Shenzhen TianDa Airport Support Ltd. has reduced the generation of waste paint containers by replacing original disposable metal small capacity containers with recyclable IBC holding tanks; reduced the waste of paint and the generation of paint slag by optimizing the paint spraying operation method and spraying process from manual spraying to online paint proportioning, with an annual reduction of hazardous waste of about 53 tons. Shenzhen TianDa Airport Support Ltd. optimized the glass facade gluing process, purchased rechargeable glue gun to replace manual glue gun to control the sealant dispensing speed, prevent serious overflow of sealant and reduce the amount of hazardous waste disposal in excess sealant.

Heavy trucks segment

① Waste gas:

The low nitrogen transformation of two 5.6MW gas boilers of C&C Trucks Co., Ltd. was completed, achieving low nitrogen combustion through the replacement of low nitrogen burners and flue gas circulation pipes. The concentration of oxynitride exhaust emission was reduced to 30mg/m³. Collection and treatment facilities were installed in positions for waste gas monitoring.

② Wastewater:

Perfect the online monitoring equipment of water quality, add on-line monitoring equipment of PH and phosphate and improve the aeration tank in sewage treatment station.

③ Waste residue:

Reduce the generation of paint and paint slag through the replacement of spare parts and the purchase of finished cabs and advance standard management of hazardous waste and refined monitoring of all processes to reduce waste generation and leakage.

Logistics services segment

In 2019, the logistics services segment takes the compliance with laws as the main line, focuses on the equipment input and procedure improvement, and fully implements the environmental protection facilities input, environment monitoring, hazardous wastes treatment, contingency plans, system improvement and other works:

① Waste gas:

12 welding duct collection equipment were installed to collect dust from outdoor welding and repairing operation. DPF equipment for waste gas from equipment was under trial use to reduce emission. Fully use light fuel oil and add domestic waste and wastewater crushing equipment to the shipping vessels with an annual oil consumption of 600 tons, reducing the emission of waste gas.

② Waste residue:

Add domestic waste and wastewater crushing equipment to the shipping vessels, and repair the waste gas exhaust device of the vessel engine to realize compliance emission and advance standard management of hazardous waste.

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	Other segment
	Modular building
①	Management: CIMC Modular Building Investment Company Limited and Guangdong CIMC Building Construction Co. Ltd. have obtained the ISO14001 environmental management system certification from Lloyd's Register Quality Assurance. They enhanced full-process waste management and reduced the generation of waste gas, wastewater and waste residue through systematic environmental management.
②	Waste gas: Highlight green and environmental characteristics from design to production and prioritize environmental materials in the selection of materials, such as water-based coatings for wall surfaces;
③	Wastewater: Treat domestic wastewater from toilets and washing basins in the factory area through the environmental tanks for water treatment to achieve recycling and reduce domestic wastewater discharge.
④	Waste residue: Guangdong CIMC Building Construction Co. Ltd. has upgraded and transformed the original hazardous waste warehouse and supplemented environmental protection contingency materials. It established partnership with hazardous waste treatment companies with qualifications to ensure hazardous waste in time and in compliance with regulations.

XIX. EXPLANATION ON OTHER SIGNIFICANT EVENTS

- On 15 January 2019, the Resolution Regarding the Amendment to the Articles of Association of China International Marine Containers (Group) Co., Ltd., the Resolution Regarding the Amendment to the Rules of Procedures for the General Meeting of China International Marine Containers (Group) Co., Ltd., the Resolution Regarding the Amendment to the Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd. and the Resolution Regarding the Amendment to the Rules of Procedures for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd. were considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders' class meeting for 2019 and the first H Shareholders' class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- On 30 January 2019, the Company has completed the issuance of the first tranche of super & short-term commercial papers of the Company for 2019 (hereafter referred to as the "Tranche I Super & Short-term Commercial Papers"). The proceeds raised from the Tranche I Super & Short-term Commercial Papers were fully received on 30 January 2019. The issuance amount of the Tranche I Super & Short-term Commercial Papers was RMB1.5 billion and the issue rate was 2.95% per annum. China Merchants Bank Co., Ltd. is the lead underwriter of the Tranche I Super & Short-term Commercial Papers. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-005) on 30 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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3. On 27 March 2019, “the Resolution Regarding Adoption of New Accounting Standards for Business Enterprises” was considered and approved at the third meeting of the eighth session of the Board of the Company in 2019, pursuant to which it was agreed that the Company shall adopt the Accounting Standards for Business Enterprises No. 21 – Leases since 1 January 2019, which was revised and issued by the Ministry of Finance of the PRC on 7 December 2018, in accordance with the national unified accounting system (hereafter referred to as the “**Change in Accounting Policy**”). The Change in Accounting Policy of the Company has been taken into effects from 1 January 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-013 and [CIMC]2019-017) on 27 March 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
4. On 27 March 2019, pursuant to the provisions and requirements under the CASBE and the Company’s relevant accounting management system, the Group re-calculated and handled the accounting matters of provision amounts for impairment of various assets. The Group increased the provision for asset impairment by RMB2,819.708 million in 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-016) on 27 March 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
5. On 27 March 2019, the Company’s proposal to register and issue medium-term notes in an amount of no more than RMB8.0 billion and perpetual medium-term notes in an amount of no more than RMB2.0 billion was considered and approved at the third meeting of the eighth session of the Board of the Company in 2019. On 3 June 2019, the Resolution Regarding the Registration and Issuance of Medium-Term Notes (Including Perpetual Medium-Term Notes) was considered and approved at the Company’s annual general meeting for 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-013, [CIMC]2019-022 and [CIMC]2019-045) on 27 March 2019 and 3 June 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
6. On 15 April 2019, the Company completed the issuance of the first tranche of the Medium Term Note for 2019 (hereafter referred to as the “**Tranche I Medium Term Note**”) according to a notice of acceptance of registration (Zhong Shi Xie Zhu No. [2018] MTN526) from the National Association of Financial Market Institutional Investors. The Tranche I Medium Term Note was issued at par with a size of RMB2.0 billion and a coupon rate of 4.05%. The lead underwriter of the issuance of the Tranche I Medium Term Note shall be Postal Savings Bank of China Co., Ltd., and the joint lead underwriter of the issuance of the Tranche I Medium Term Note shall be Ping An Bank Co., Ltd. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-035) on 15 April 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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7. On 7 August 2019, the Company has completed the issuance of the second and third tranche of super & short-term commercial papers of the Company for 2019. The proceeds raised were fully received on 8 August 2019. The issuance amount of the Tranche II Super & Short-term Commercial Papers was RMB2.1 billion and the issue rate was 2.55% per annum. China Development Bank is the lead underwriter of the Tranche II Super & Short-term Commercial Papers, and Bank of Shanghai Co., Ltd. is the joint lead underwriter of the Tranche II Super & Short-term Commercial Papers. The issuance amount of the Tranche III Super & Short-term Commercial Papers was RMB1.0 billion and the issue rate was 2.55% per annum. Ping An Bank is the lead underwriter of the Tranche III Super & Short-term Commercial Papers, and China CITIC Bank is the joint lead underwriter of the Tranche III Super & Short-term Commercial Papers. On 20 September 2019, the Company has completed the issuance of the fourth tranche of super & short-term commercial papers of the Company for 2019. The proceeds raised from the Tranche IV Super & Short-term Commercial Papers were fully received on 23 September 2019. The issuance amount of the Tranche IV Super & Short-term Commercial Papers was RMB2.0 billion and the issue rate was 2.5% per annum. Agricultural Bank of China Limited is the lead underwriter of the Tranche IV Super & Short-term Commercial Papers, and China Construction Bank Corporation is the joint lead underwriter of the Tranche IV Super & Short-term Commercial Papers. On 21 November 2019, the Company has completed the issuance of the fifth tranche of super & short-term commercial papers of the Company for 2019. The proceeds raised from the Tranche V Super & Short-term Commercial Papers were fully received on 22 November 2019. The issuance amount of the Tranche V Super & Short-term Commercial Papers was RMB1.8 billion and the issue rate was 1.95% per annum. Bank of Shanghai Co., Ltd. is the lead underwriter of the Tranche V Super & Short-term Commercial Papers, and Ping An Bank Co., Ltd. is the joint lead underwriter of the Tranche V Super & Short-term Commercial Papers. On 25 February 2020, the Company has completed the issuance of the first tranche of super & short-term commercial papers of the Company for 2020. The proceeds raised from the 2020 First Tranche of Super & Short-term Commercial Papers were fully received on 26 February 2020. The issuance amount of the 2020 First Tranche of Super & Short-term Commercial Papers was RMB2.0 billion and the issue rate was 1.8% per annum. China Development Bank is the lead underwriter of the 2020 First Tranche of Super & Short-term Commercial Papers, and Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) is the joint lead underwriter of the 2020 First Tranche of Super & Short-term Commercial Papers. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-067, [CIMC]2019-078, [CIMC]2019-098 and [CIMC]2020-004) on 8 August 2019, 23 September 2019, 22 November 2019 and 26 February 2020, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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8. On 3 June 2019, the Company convened the 2018 annual general meeting, at which the Resolution Regarding Banking Facility and Project Guarantees Provided for the Subsidiaries of the Company in 2019 was considered and approved, pursuant to which it was agreed that the Company would provide guarantees for the financial institution facilities and projects in 2019 of its wholly-owned subsidiaries, non-wholly-owned subsidiaries and associates, and the subsidiaries of the Company would provide guarantees for the financial institution facilities and projects in 2019 of their parent company and their invested wholly-owned subsidiaries, controlled subsidiaries and associates, with total guarantee balance of no more than RMB45 billion in 2019 (involving guarantees between the Company and subsidiaries, guarantees provided by subsidiaries for subsidiaries and the external guarantees provided by the Company and its subsidiaries) and specific guarantees of RMB40 billion. On 27 August 2019, the fifth meeting in 2019 of the ninth session of the Board of the Company considered and approved the Resolution Regarding Update on Financial Institutions Facility and Project Guarantee Provided to the Subsidiaries of the Company in 2019, the Resolution Regarding Update on the Credit Guarantee Provided by CIMC Enric Holdings Limited and Its Holding Subsidiaries to Their Customers and the Resolution Regarding Update on the Credit Guarantee Provided by CIMC Vehicles (Group) Co., Ltd. and Its Holding Subsidiaries to Their Distributors and Customers, pursuant to which it is proposed to conduct internal adjustment on guarantee limit provided to CIMC Modular Building Investment Co., Ltd., CIMC-TianDa, CIMC Vehicles, CIMC Raffles Offshore (Singapore) Pte. Ltd., CIMC Enric Holdings Limited, CIMC Financial Leasing Co., Ltd. and other subsidiaries, and intended to enlarge classified guarantee list of subsidiaries, assuming that the total guarantee amount as considered and approved at the 2018 annual general meeting remained unchanged. On 25 November 2019, such matter was considered and approved at the second meeting of the 2019 extraordinary general meeting. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-019, [CIMC]2019-045, [CIMC]2019-071, [CIMC]2019-073 and [CIMC]2019-099), as well as the announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2019, 3 June 2019, 27 August 2019 and 25 November 2019.
9. In view of the changes in the capital market environment, the Company did not complete the additional issuance within 12 months from the date of approval of the issuance by the CSRC, therefore the Approval of the Issue of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1390) received by the Company on 28 August 2018 from the CSRC regarding the approval on the Company to issue not more than 343,315,321 additional overseas listed foreign shares (namely H shares) was automatically expired. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-075), as well as the announcement published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 August 2019.
10. On 20 September 2019, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2019] No.MTN586) ("**No. 586 Notice of Acceptance**") from the National Association of Financial Market Institutional Investors, approving the Company to register and issue the medium term notes, the registered amount shall be RMB2.0 billion and effective for a period of two years from the date of No. 586 Notice of Acceptance. On 10 October 2019, the Company completed the issuance of the second tranche of the medium term note for 2019 (the "**Tranche II Medium Term Note**") according to No. 586 Notice of Acceptance. The Tranche II Medium Term Note was issued at par with a size of RMB2.0 billion and a coupon rate of 3.64%. The proceeds from the issuance of Tranche II Medium Term Note will be used for repayment of the Company's maturing debt. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-084), as well as the relevant announcement published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 10 October 2019.

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11. On 30 October 2019, the Group entered into the New Commodities Supply Framework Agreement between China International Marine Containers (Group) Co., Ltd. and COSCO SHIPPING Development Co., Ltd. (2020, 2021, 2022) (hereinafter referred to as the “**New Framework Agreement**”) with COSCO SHIPPING Development to continue the continuing connected transactions thereunder and set the new Annual Caps for the years ending 31 December 2020, 2021 and 2022. The New Framework Agreement was approved at the 10th meeting of 9th session of the board of directors of 2019 and the 3rd EGM of 2019. Both parties agreed in the New Framework Agreement that the Annual Transaction Caps for 2020, 2021 and 2022 will be RMB2.3 billion, RMB2.7 billion and RMB3.0 billion, respectively. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-090, [CIMC]2019-091 and [CIMC]2019-103), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 30 October 2019 and 16 December 2019.

12. On 13 November 2018, the Company’s 2018 public offering of corporate bonds (for qualified investors) has obtained the Reply on the Approval of the Public Issuance of Corporate Bonds of China International Marine Containers (Group) Co., Ltd. for qualified investors (Zheng Jian Xu Ke [2018] No.1858) issued by the CSRC. As the issuance of the corporate bonds went beyond one year, according to the naming convention of the corporate bonds, the name of the current tranche of bonds has changed from “2018 public offering of corporate bonds of China International Marine Containers (Group) Co., Ltd. (for qualified investors)” to “2019 public offering of corporate bonds (tranche I) of China International Marine Containers (Group) Co., Ltd. for qualified investors” (the “**Bonds**”). On 10 October 2019, the Announcement on the 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors, the Prospectus on 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors, the Summary of Prospectus on 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors, the Credit Rating Report on 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors and the Announcement on Changing the Name of 2018 Public Offering of Corporate Bonds of China International Marine Containers (Group) Co., Ltd. (for Qualified Investors) have been published by the Company; On 11 October 2019, the Announcement on Extending the Time for the Book Building on 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors has been published; On 14 October 2019, the Announcement on the Coupon Rate of 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors has been published; On 15 October 2019, the Announcement on the Results of 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors has been published; On 21 October 2019, the Announcement on the Listing of 2019 Public Offering of Corporate Bonds (Tranche I) of China International Marine Containers (Group) Co., Ltd. for Qualified Investors on the Shenzhen Stock Exchange. The actual issuance size of the Bonds is RMB2.0 billion and the final coupon rate is 3.63%; On 2 December 2019, the Announcement on the 2019 Dividend Payment in respect of 2018 Public Offering of Renewable Corporate Bonds (Tranche I) for Qualified Investors has been published. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com), as well as the relevant announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 10 October 2019, 11 October 2019, 14 October 2019, 15 October 2019, 20 October 2019 and 21 October 2019, respectively.

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13. On 23 March 2020, the Resolution on Bonus Balance Fund Operation under the Profit Sharing Scheme was reviewed and approved at the first meeting in 2020 of the ninth session of the Board of the Company. The Company intends to establish a trust plan with the bonus balance of the profit sharing plan and contribute to the registered capital of a partnership. The partnership will use the funds to purchase the H shares of the Company in the secondary market (the “**Operation Scheme**”). The fund size of the Operation Scheme is limited to the bonus balance of profit sharing plan of the Company as at 31 December 2019. The total size does not exceed RMB343 million, and the validity period is 10 years from the date of approval by the general meeting. Meanwhile, the fund size of a trust plan (Phase I) set up under the Bonus Balance Fund Trust Scheme and Operation Scheme under the Profit Sharing Scheme of CIMC Group (Draft) based on the Operation Scheme is RMB200 million and a duration period of 5 years. The above matter is subject to the approval of the general meeting. For relevant information, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) ([CIMC]2020-008 and [CIMC]2020-009), as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 23 March 2020.

XX. SIGNIFICANT EVENTS OF SUBSIDIARIES

1. On 9 August 2018, as considered and approved by the 12th meeting of the eighth session of the Board in 2018, the Resolution Regarding the Proposed Overseas Listing of CIMC Vehicles (Group) Co., Ltd. was approved. The Company intends to spin off and list its subsidiary, CIMC Vehicles, on the Main Board of the Hong Kong Stock Exchange. The independent Directors of the eighth session of the Board have expressed their independent opinions on the relevant resolution. On 14 March 2019, CIMC Vehicles received the Approval on the Issuance of Overseas-listed Foreign Shares of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2019] No. 356) from the CSRC, pursuant to which CIMC Vehicles was approved to issue overseas listed foreign shares. On 31 March 2019, CIMC Vehicles has submitted the PHIP to the Hong Kong Stock Exchange in connection with the proposed spin-off and listing and has submitted the revised PHIP to the Hong Kong Stock Exchange on 23 June 2019. On 27 June 2019, CIMC Vehicles published the Prospectus in connection with the proposed spin-off and listing. On 10 July 2019, CIMC Vehicles published an announcement in connection with the global offering and final offer price. On 11 July 2019, H shares of CIMC Vehicles have been listed on the Main Board of the Hong Kong Stock Exchange and dealings in such shares commenced. On 2 August 2019, over-allotment option granted by CIMC Vehicles to international underwriters was not exercised during stabilizing period and lapsed on 2 August 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-009, [CIMC]2019-029, [CIMC]2019-055, [CIMC]2019-056, [CIMC]2019-061, [CIMC]2019-062 and [CIMC]2019-066) on 14 March 2019, 31 March 2019, 23 June 2019, 27 June 2019, 10 July 2019, 11 July 2019 and 2 August 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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2. On 19 December 2018, the Resolution on Participating in the Rights Issue of TSC Group Holdings Limited was considered and approved at the twenty-fifth meeting in 2018 of the eighth session of the Board of directors of the Company, pursuant to which it was agreed that China International Marine Containers (Hong Kong) Limited, a wholly-owned subsidiary of the Company, will participate in the rights issue at a ratio of 1:1 in accordance with the 92,800,000 shares held by TSC Group Holdings Limited, which was renamed as CMIC Ocean En-Tech Holding Co., Ltd. on 13 February 2019. The subscription price is at HK\$0.45, and the subscription amount is HK\$41.76 million. The independent Directors of the eighth session of the Board of directors of the Company have expressed their independent opinions thereon. On 24 January 2019, the Group paid the amount of HK\$41,760,000 to subscribe for 92,800,000 shares of CMIC Ocean En-Tech. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-117 and [CIMC]2019-004) on 19 December 2018 and 24 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
3. In December 2018, Enric Shenzhen, a subsidiary of the Company, received certain litigation papers including notification calling for responses to the action and summons served by the Jiangsu Province High People's Court, where SOEG PTE LTD claimed that Enric Shenzhen shall (1) pay for the remaining balance of the equity transfer of RMB153,456,000; (2) bear the attorney fee loss of RMB50,000; (3) bear the costs of this litigation. The case has been accepted by the Court which is pending to judge. The time for first instance has not yet been determined. As at the end of the Reporting Period, no provision has been made for the aforesaid litigation. The aforesaid litigation has no material adverse impact on the Group's daily production and operation, financial status or solvency. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 31 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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4. Southern CIMC, a wholly-owned subsidiary of the Company, has entered into the Shenzhen Land Use Right Granting Contract (Shen Di He Zi (2006) No. 0193) and the first, second and third supplemental agreements (hereafter referred to as the “Original Contracts”) in respect of land parcel T102-0152 located at Qianhai Shenzhen-Hongkong Cooperation Zone. On 9 October 2017, Southern CIMC entered into the Land Preparation Framework Agreement with Urban Planning, Land & Resources Commission of Shenzhen Municipality* (深圳市規劃和國土資源委員會) (hereafter referred to as the “Shenzhen UPLRCS”) and the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen* (深圳市前海深港現代服務業合作區管理局) (hereafter referred to as the “Qianhai Authority”) in respect of the land preparation issues of the land parcels of T102-0152, T102-0153 and T102-0154 located at Qianhai, Shenzhen. Pursuant to the Land Preparation Framework Agreement, Shenzhen UPLRCS and the Qianhai Authority agreed to arrange a land parcel with a site area of approximately 57,000 sq.m. as the site for the preliminary project of Southern CIMC, of which approximately 36,000 sq.m. of the land is used as the site for phase I of the preliminary project (the “Phase I Land”). On 19 February 2019, to further supplement on the relevant provisions in the Land Preparation Framework Agreement, Southern CIMC, a wholly-owned subsidiary of the Company, and Qianhai Authority entered into the fourth supplemental agreement to the Shenzhen Land Use Right Granting Contract (Shen Di He Zi (2006) No. 0193) and, at the same time, discharged the Original Contracts on land parcel T102-0152 and ceased to perform the rights and obligations as stipulated therein; and on 27 February 2019, the Qianhai CIMC City Property Development (Shenzhen) Co., Ltd.* (前海集城實業發展(深圳)有限公司) and Qianhai CIMC Cloud Property Development (Shenzhen) Co., Ltd.* (前海集雲實業發展(深圳)有限公司), the wholly-owned subsidiaries of the Company, have entered into the Shenzhen Land Use Right Granting Contract (Shen Qian Hai Di He Zi (2018) No. 0010) and the Shenzhen Land Use Right Granting Contract (Shen Qian Hai Di He Zi (2019) No. 0001) with the Qianhai Authority in respect of land parcels T102-0289 and T102-0290. On 29 September 2019, the Planning and Natural Resources Bureau of Shenzhen Municipality, Qianhai Authority and Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) reached an agreement on the preparation issues of the Three Land Parcels and entered into the land preparation agreement, the parties agreed to offer the Three Land Parcels (a total area of 524,000 sq.m) at located within the development unit 07 and 09 of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen at the compensation value (totaling RMB12,890,778,491) to Shenzhen Southern CIMC Containers Manufacture Co., Ltd., namely wholly-owned subsidiaries of the Company, or the Company or its wholly-owned subsidiaries, the swaps for land use right with equivalent value. On 27 December 2019, Qianhai Authority and wholly-owned subsidiaries of the Company entered into the Shenzhen Land Use Right Granting Contract. The transactions have been considered and approved at the sixth meeting in 2019 of the ninth session of the Board of the Company and the second extraordinary general meeting of 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-007, [CIMC]2019-079, [CIMC]2019-080, [CIMC]2019-099 and [CIMC]2019-104) on 28 February 2019, 29 September 2019, 25 November 2019 and 30 December 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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5. On 12 April 2019, the Resolution on the Equity Transfer of Tianjin Port CIMC Zhenhua Logistics Co., Ltd. was considered and approved at the fifth meeting in 2019 of the eighth session of the board of directors of the Company. Mr. Wang Yuhang (Vice chairman) and Mr. Liu Chong (Director), being connected directors, have abstained from voting for the aforesaid resolution due to their respective positions in China COSCO Shipping Corporation Limited and its subsidiaries. And the remaining of six non-connected directors have voted. The independent directors of the Company have conducted pre verification and expressed their independent opinions. On 12 April 2019, Zhenhua Logistics Group Co., Ltd.* (振華物流集團有限公司), a subsidiary of the Company (hereafter referred to as “**Zhenhua Logistics Group**”), and SPEEDIC, a wholly-owned subsidiary of the Company entered into equity transfer agreements with COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司) (hereafter referred to as “**COSCO SHIPPING Lines**”) respectively, pursuant to which, Zhenhua Logistics Group and SPEEDIC transferred their 24% and 36% equity interest in Tianjin Port CIMC Zhenhua Logistics to COSCO SHIPPING Lines at the consideration of RMB32,038,434.54 and RMB48,057,651.81 respectively. Upon completion of the transactions, Zhenhua Logistics Group, COSCO SHIPPING Lines and Tianjin Port International Logistics Development Co., Ltd.* (天津港國際物流發展有限公司) will hold 6%, 60% and 34% equity interest in Tianjin Port CIMC Zhenhua Logistics respectively, and SPEEDIC will no longer hold shares in Tianjin Port CIMC Zhenhua Logistics. Tianjin Port CIMC Zhenhua Logistics will no longer be included in the consolidated statements of the Group. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-031 and [CIMC]2019-033) on 12 April 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
6. On 1 August 2019, CIMC Skyspace Real Estate, a subsidiary of the Company, entered into the Cooperation Agreement with Shenzhen Country Garden Property Investment Co., Ltd. (hereafter referred to as “**Shenzhen Country Garden**”). Pursuant to the Cooperation Agreement, Shenzhen Country Garden makes a capital injection of RMB33,333,333 and RMB33,333,333 respectively to Jihong Investment and Jiyuan Investment for the cooperative development of the Prince Bay Project. Upon the completion of the capital injection, Shenzhen Country Garden will respectively hold 40% equity interest in Jihong Investment and Jiyuan Investment, while CIMC Skyspace Real Estate will respectively hold 60% equity interest in Jihong Investment and Jiyuan Investment, both of which will be the non-wholly-owned subsidiaries of CIMC Skyspace Real Estate and the Company. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-065), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 1 August 2019.
7. CIMC Skyspace Real Estate, a controlling subsidiary of the Company, proposed to establish “Zhonglian- Qianhai-Kaiyuan – Phase I Asset-backed Special Program of No. 1 CIMC Skyspace Real Estate Industrial Park” (hereafter referred to as the “**Special Program**”, the product name is subject to the final name of the product at the time of issuance of the Special Program) with certain leased residential and commercial units of the CIMC Zhihui Garden (Dongguan) Project (中集智薈園(東莞)項目) held by Shenzhen Chenyu Investment Development Co., Ltd. (深圳市辰宇投資發展有限公司) and Dongguan CIMC Jingying Apartment Management Co., Ltd. (東莞中集薈英公寓管理有限公司), wholly-owned subsidiaries of CIMC Skyspace Real Estate, as property assets, to carry out asset securitization financing business. The Special Program was considered and approved at the 4th meeting of the ninth session of the Board of the Company on 13 August 2019, and is not required to be submitted to the general meeting of the Company for consideration and approval. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-069), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 13 August 2019.

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8. On 24 October 2019, the Company convened the eighth meeting in 2019 of the ninth session of the Board, and the Resolution on Registration and Issuance of Private Placement Notes (PPN) by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. was considered and approved at the meeting. CIMC Skyspace Real Estate proposed to apply for registration and issuance of private placement notes (PPN) of no more than RMB2.0 billion with a term of no more than 3 years with the National Association of Financial Market Institutional Investors of the PRC. This matter was considered and approved at the second extraordinary general meeting of 2019, and subject to the approval of relevant competent authorities/departments. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-087, [CIMC]2019-088 and [CIMC]2019-099), as well as the announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 24 October 2019 and 25 November 2019.
9. On 30 October 2019, Merchants Shekou and Jixing Development entered into the Framework Agreement on the Borrowing of Surplus Funds with Shangrong Real Estate, and Merchants Shekou and Jisheng Development entered into the Framework Agreement on the Borrowing of Surplus Funds with Shangtai Real Estate. Jixing Development and Jisheng Development received the interest-free financial assistance totaling no more than RMB4.9 billion, including no more than RMB2.3 billion of financial assistance received by Jixing Development from Shangrong Real Estate and no more than RMB2.6 billion of financial assistance received by Jisheng Development from Shangtai Real Estate (hereafter referred to as "**Acceptance of Financial Assistance**"). Merchants Shekou and Jida Development entered into the Framework Agreement on the Borrowing of Surplus Funds with Leyi Property, and Merchants Shekou and Jiyu Development entered into the Framework Agreement on the Borrowing of Surplus Funds with Shangqi Real Estate. Leyi Real Estate agreed to provide the financial assistance to Jida Development and Merchants Shekou in proportion to its shareholding and Shangqi Real Estate agreed to provide the financial assistance to Jiyu Development and Merchants Shekou in proportion to its shareholding. During the authorization period, Leyi Real Estate and Shangqi Real Estate provided the financial assistance totaling no more than RMB2.6 billion to external parties, including no more than RMB1.4 billion of financial assistance provided by Leyi Real Estate to Merchants Shekou and no more than RMB1.2 billion of financial assistance provided by Shangqi Real Estate to Merchants Shekou (hereafter referred to as the "**Provision of Financial Assistance**"). The Acceptance of Financial Assistance and Provision of Financial Assistance together referred to as Financial Assistance. On 30 October 2019, the resolution concerning the Financial Assistance has been considered and approved at the 10th meeting of the 9th session of the Board of the Company in 2019. Mr. Wang Hong and Mr. Hu Xianfu, both being related Directors, abstained from voting. Other non-related Directors unanimously agreed to the resolution. The independent Directors of the Company have conducted a prior review and expressed independent opinions. Financial Assistance has been considered and approved at the Third extraordinary general meeting of 2019. For details, please refer to the announcements of the Company (Announcement No.: [CIMC]2019-092 and [CIMC]2019-103) published on China Securities Journal, Securities Times, Shanghai Securities News, the Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 30 October 2019 and 16 December 2019, as well as the announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk).

CHAPTER IX

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHAREHOLDINGS DURING THE REPORTING PERIOD

1. Changes in Shareholdings

Unit: Share

	Pre-movement		New issue	Increase/decrease (+/-)				Post-movement	
	Numbers of shares	Percentage		Bonus issue	Conversion from reserves	Others	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	762,526	0.02%	0	0	141,706	(54,000)	87,706	850,232	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	762,526	0.02%	0	0	141,706	(54,000)	87,706	850,232	0.02%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	762,526	0.02%	0	0	141,706	(54,000)	87,706	850,232	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without selling restrictions	2,984,226,410	99.98%	2,427,000	0	596,946,740	54,000	599,427,740	3,583,654,150	99.98%
1. RMB-denominated ordinary shares	1,267,649,801	42.47%	2,427,000	0	253,631,419	54,000	256,112,419	1,523,762,220	42.51%
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	1,716,576,609	57.51%	0	0	343,315,321	0	343,315,321	2,059,891,930	57.47%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	2,984,988,936	100.00%	2,427,000	0	597,088,446	0	599,515,446	3,584,504,382	100.00%

Reasons for changes in shares during the Reporting Period:

- During the Reporting Period, 2,427,000 options were exercised during the second exercisable period for the First Tranche of Share Option Incentive Scheme, and 0 options were exercised during the second exercisable period for the Second Tranche of Share Option Incentive Scheme. 2,427,000 options were exercised in aggregate.
- During the Reporting Period, the profit distribution plan for 2018 of the Company was implemented: based on the total share capital of the Company as at the record date of dividend payment for 2018, a cash dividend of RMB5.5 (tax inclusive) per 10 shares were distributed to all Shareholders, no bonus shares were issued and additional 2 new shares were issued to all Shareholders for every 10 shares being held by way of conversion of capital surplus.

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CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Approval for changes in share capital

Applicable Not Applicable

Transfer for changes in shares

Applicable Not Applicable

Progress of the implementation of share repurchase

Applicable Not Applicable

Progress of the implementation of reducing shareholding of repurchase shares by way of centralized bidding

Applicable Not Applicable

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

Applicable Not Applicable

Unit: RMB/share

	Item	Pre-movement in shares	Post-movement in shares
2019	Basic earnings per share	0.45	0.37
	Diluted earnings per share	0.45	0.37
	Net assets per share attributable to Shareholders and other owners of equity interests of the parent	13.14	10.95

Note: The implementation of 2018 profit distribution plan in 2019 included increase in share capital by way of conversion of capital reserve.

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

Applicable Not Applicable

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CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

2. Changes in Shares with Selling Restrictions

Applicable Not Applicable

Unit: Share

Name of Shareholders	Number of shares with selling restrictions at the beginning of the Period	Number of shares with selling restrictions expired in the Period	Increase in number of shares with selling restrictions in the Period	Number of shares with selling restrictions at the end of the Period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang (Note 1)	371,026	0	74,206	445,232	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Huang Tianhua (Note 1)	337,500	0	67,500	405,000	Same as above	Nil
Liu Xuebin (Note 2)	54,000	(54,000)	0	0 -		27 September 2019
Total	762,526	(54,000)	141,706	850,232 -		-

Note1: In accordance with relevant provisions of stock exchanges and clearing companies, regarding the shares attributable to the executives of the Company, 25% of total shares held by them will be traded freely at the beginning of each year and the unsold part will be included into total shares held by the senior management to calculate the shares with selling restrictions for next year. During the Reporting Period, due to the Company's CEO and president Mr. Mai Boliang and the vice president Mr. Huang Tianhua did not sell shares with selling restrictions, and thus 371,026 shares and 337,500 shares held by them respectively subject to selling restrictions attributable to executives remain unchanged. In accordance with the 2018 profit distribution plan, their shares subject to selling restrictions attributable to executives at the beginning of the period increased to 445,232 shares and 405,000 shares respectively, after capitalizing the capital reserve on the basis of 2 new shares for every 10 shares.

Note 2: The Company's former vice president Mr. Liu Xuebin resigned on 27 March 2018. Since he resigned 6 months after the expiration of his original term of office, his 54,000 shares subject to selling restrictions were all released from selling restrictions.

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CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

II. ISSUE AND LISTING OF SECURITIES

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

Applicable Not Applicable

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

Applicable Not Applicable

During the Reporting Period, an aggregate of 2,427,000 share options were exercised from the first batch and the second batch of the A Share(s) share options. Please refer to “1. A Share(s) Share Option Incentive Scheme of the Company” of “XV. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” under “Chapter VIII Significant Events” in this Report for details.

3. Existing Employee Shares

Applicable Not Applicable

4. Additional Issuance of H Shares

On 12 March 2018, as considered and approved by the 5th meeting in 2018 of the eighth session of the Board, the Company intends to issue overseas listed foreign shares (namely: H Shares) according to the “Resolution on granting the Board a general mandate to handle matters relating to the issue of shares” considered and approved at the 2016 annual general meeting convened on 9 June 2017. On 28 August 2018, the Company received the Approval on the Issuance of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1390) 《關於核准中國國際海運集裝箱(集團)股份有限公司增發境外上市外資股的批覆》(證監許可[2018]1390號)) issued by the CSRC, the contents of which are as follows: the CSRC approves the issuance of no more than 343,315,321 additional overseas listed foreign shares, all of which being ordinary shares, with a nominal value of RMB1 per share by the Company. On 27 August 2019, due to the changes in capital market environment, the Company did not complete the additional issuance within 12 months from the issue date of the approval by the CSRC, and thus such approval automatically became invalid upon expiry. In accordance with the relevant regulations, for any subsequent equity financing plan of the Company, it is required to re-convene a Board meeting and a general meeting to consider the relevant issuance scheme and submit the same to the CSRC for approval upon making a disclosure in accordance with relevant regulations. For relevant information, please refer to the announcements published by the Company in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2018-014, [CIMC]2018-015, [CIMC]2018-070 and [CIMC]2019-075) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 12 March 2018, 30 August 2018 and 27 August 2019.

CHAPTER IX CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

III. SHAREHOLDERS AND DE FACTO CONTROLLER

1. Number of Shareholders and Shareholdings of the Company

The total number of Shareholders of the Company as at 31 December 2019 was 80,576, including 80,548 holders of A Shares and 28 registered holders of H Shares. The total number of Shareholders of the Company as at 29 February 2020 (being the end of the month prior to the publication date of the 2019 Annual Report of the Company) was 80,272 including 80,243 holders of A Shares and 29 registered holders of H Shares.

Unit: Share

Total ordinary Shareholders at the end of the Reporting Period		80,576	Total ordinary Shareholders at the end of the month prior to the publication date of Annual Report		80,272			
Shareholdings of the Shareholders who held 5% or more or the top ten Shareholders at the end of the Reporting Period								
Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledged or frozen shares Status	Number
HKSCC Nominees Limited (Note 1)	Foreign legal person	58.12%	2,083,223,033	351,961,687	-	2,083,223,033	-	-
COSCO Container Industries Limited (Note 2)	Foreign legal person	14.47%	518,606,212	86,434,369	-	518,606,212	-	-
China Securities Finance Corporation Limited	State-owned legal person	2.37%	84,959,608	14,159,936	-	84,959,608	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	45,592,560	7,598,760	-	45,592,560	-	-
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	11,102,880	1,850,480	-	11,102,880	-	-
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	11,054,160	1,842,360	-	11,054,160	-	-
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	10,980,360	1,830,060	-	10,980,360	-	-
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	10,912,920	1,818,820	-	10,912,920	-	-
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	10,842,719	1,807,120	-	10,842,719	-	-
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Asset Management Plan	Domestic non-state-owned legal person	0.30%	10,797,600	1,799,600	-	10,797,600	-	-
Strategic investors or ordinary legal persons who became top ten Shareholders due to placing of new shares (if any)			Nil					
Explanation on the relationship or concerted action of the above mentioned Shareholders			Unknown					

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Shareholdings of top ten Shareholders without selling restrictions at the end of the Reporting Period			
Name of Shareholders	Number of shares without selling restrictions held at the end of Reporting Period	Type of shares	
		Type of shares	Number
HKSCC Nominees Limited (Note 1)	2,059,684,740	Overseas listed foreign shares	2,059,684,740
	23,538,293	RMB-denominated ordinary shares	23,538,293
COSCO Container Industries Limited (Note 2)	518,606,212	RMB-denominated ordinary shares	518,606,212
China Securities Finance Corporation Limited	84,959,608	RMB-denominated ordinary shares	84,959,608
Central Huijin Asset Management Ltd.	45,592,560	RMB-denominated ordinary shares	45,592,560
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	11,102,880	RMB-denominated ordinary shares	11,102,880
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	11,054,160	RMB-denominated ordinary shares	11,054,160
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	10,980,360	RMB-denominated ordinary shares	10,980,360
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	10,912,920	RMB-denominated ordinary shares	10,912,920
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	10,842,719	RMB-denominated ordinary shares	10,842,719
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Asset Management Plan	10,797,600	RMB-denominated ordinary shares	10,797,600
Explanation on the relationship or concerted action between the top ten Shareholders of circulating shares without selling restrictions, or the top ten Shareholders of circulating shares without selling restrictions and the top ten Shareholders	Unknown		
Explanation on the top ten ordinary Shareholders participating in financing securities business (if any)	Nil		

Note 1: As at 31 December 2019, HKSCC Nominees Limited held 2,083,223,033 shares of the Company, including 23,538,293 A shares and 2,059,684,740 H shares. The H shares registered under HKSCC Nominees Limited include (but not limited to) 880,429,220 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), and the 295,010,617 H shares held by China COSCO Shipping, through its subsidiaries (including 30,386,527 H shares directly held by Long Honour and 264,624,090 H shares directly held by COSCO Container Industries).

Note 2: As at 31 December 2019, COSCO Container Industries held 264,624,090 H shares of the Company which were registered under HKSCC Nominees Limited (see Note 1 above) and 518,606,212 A shares of the Company.

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

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2. Controlling Shareholders of the Company

Applicable Not Applicable

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

3. De Facto Controller

Applicable Not Applicable

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

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

Yes No

Name of the corporate Shareholder	Legal representative/ Company leader	Date of establishment	Registered capital	Main business or management activities
China Merchants (CIMC) Investment Limited	Wang Cuijun, Hu Xianfu	17 January 1995	HK\$10,000	Investment, shareholding
COSCO Container Industries Limited	Lin Feng, Su Yigang, Gao Yuan	26 April 2004	US\$50,000	Investment, shareholding

Changes in de facto controller during the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

4. Other Corporate Shareholders with a Shareholding above 10%

Applicable Not Applicable

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

Applicable Not Applicable

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IV. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the Directors are aware, as at 31 December 2019, the persons other than a Director, Supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of Shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class (%)	Percentage of such shares in the total share capital (%)
China Merchants Group (Note 1)	H Shares	880,429,220(L)	Interest of corporation controlled by the substantial Shareholder	42.74%	24.56%
China COSCO Shipping (Note 2)	A Shares	518,606,212(L)	Interest of corporation controlled by the substantial Shareholder	34.02%	14.47%
	H Shares	295,010,617(L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.23%
Hony Group Management Limited (Note 3)	H Shares	429,902,275(L)	Interest of corporation controlled by the substantial Shareholder	20.87%	11.99%
Broad Ride Limited (Note 3)	H Shares	258,244,615(L)	Beneficial holder	12.54%	7.20%
	H Shares	171,657,660(L)	Person having security interest in shares	8.33%	4.79%
Promotor Holdings Limited	H Shares	171,657,660(L)	Beneficial holder	8.33%	4.79%

(L) Long Position

Note 1: China Merchants Group, through its subsidiaries (including China Merchants (CIMC) Investment Limited), holds an interest in the H shares of the Company, and all the 880,429,220 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: China COSCO Shipping, through its subsidiaries (including Long Honour and COSCO Container Industries), holds an interest in the A Shares and H Shares of the Company, and 518,606,212 A Shares (L) and 295,010,617 H Shares (L) are held in the capacity as interest of corporation controlled by the substantial Shareholder.

Note 3: Hony Group Management Limited, through certain subsidiaries (including Broad Ride Limited) holds an interest in the H shares of the Company, and 258,244,615 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder and 171,657,660 H Shares (L) are held in the capacity as person having security interest in shares.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2019, no other person (other than a Director, Supervisor or chief executive of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

CHAPTER IX CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Information on Substantial Shareholders

The substantial Shareholders of the Company are China Merchants Group and China COSCO Shipping.

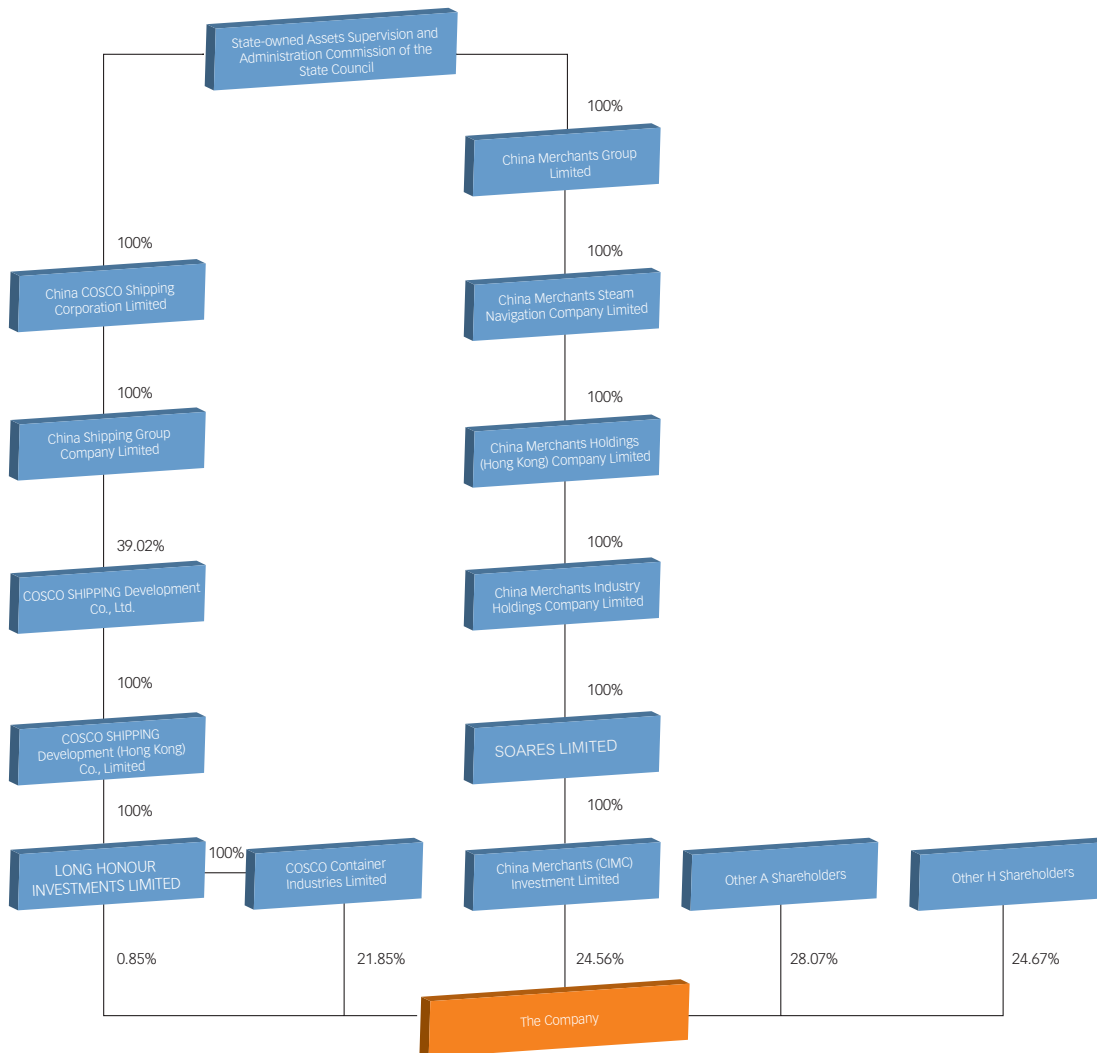
China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB16.7 billion and its chairman of the board of directors is Mr. Li Jianhong. China Merchants Group's business focuses on three core industries, namely traffic (harbour, highway, shipping and transportation, logistics, ocean engineering and trade), finance (bank, securities, funds and insurance) and real estates (industrial zone development and real estate development), and is shifting towards three platforms, namely industrial operation, financial service, investment and capital operation from three core industries. On 9 June 2017, China Merchants Port Holdings Company Limited, a subsidiary of China Merchants Group, completed the transaction of transferring all shares of Soares Limited to China Merchants Industry Holdings Company Limited, another subsidiary of China Merchants Group. As of the end of the Reporting Period, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Company Limited, Soares Limited and China Merchants (CIMC) Investment) held 24.56% of the issued shares of the Company and remains as the largest shareholder of the Company indirectly.

China COSCO Shipping was incorporated in February 2016 in the PRC. Its registered capital is RMB11.0 billion and its legal representative is Mr. Xu Lirong. China COSCO Shipping takes shipping, integrated logistics and related financial services as the pillar to provide global integrated logistics supply chain services among various industrial clusters. As of the end of the Reporting Period, China COSCO Shipping, the second largest shareholder of the Company, through its subsidiaries (including China Shipping Group Company Limited, COSCO SHIPPING Development, Long Honour and COSCO Container Industries, etc.) held 22.70% of the issued shares of the Company.

Except for the abovementioned China Merchants Group and China COSCO Shipping, no other legal person or individual holds 10% or more of the total issued share capital of the Company (excluding HKSCC Nominees Limited).

CHAPTER IX
CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

V. CHART OF SHAREHOLDING STRUCTURE BETWEEN THE COMPANY AND THE SUBSTANTIAL SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD



VI. SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date, based on the public information available to the Company and as far as the Board of the Company are aware, the Directors confirm that, the Company has satisfied relevant provisions of the minimum public float under the Hong Kong Listing Rules.

VII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

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

VIII. CONVERTIBLE CORPORATE BONDS

There were no convertible corporate bonds in the Company during the Reporting Period.

CHAPTER X

INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS 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 (shares)	
					31 December 2019	31 December 2018
Wang Hong	M	57	Chairman and non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Liu Chong	M	49	Vice chairman and non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Mai Boliang	M	60	Executive Director, CEO and President	from 3 June 2019 to 2021 annual general meeting from 27 March 2019 to 2022 annual Board meeting	593,643 (A Shares)	494,702 (A Shares)
Hu Xianfu	M	50	Non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Ming Dong	M	48	Non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
He Jiale	M	65	Independent non-executive Director	From 3 June 2019 to 2021 annual general meeting	Nil	Nil
Pan Zhengqi	M	66	Independent non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil
Lui Fung Mei Yee, Mabel	F	68	Independent non-executive Director	from 3 June 2019 to 2021 annual general meeting	Nil	Nil

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Brief biography of Directors:



Mr. Wang Hong (王宏), aged 57, has been the chairman of the Company since 28 December 2015 and a Director of the Company since April 2007. Mr. Wang Hong has been the deputy general manager of China Merchants Group since March 2015, the general manager of the planning department of China Merchants Group from February 2011 to March 2015, and its chief economist from February 2012 to April 2015. Mr. Wang Hong has also been the chairman of Sinotrans Limited (Shanghai stock code: 601598; Hong Kong stock code: 0598) from June 2018 to February 2019, an executive director of China Merchants Holdings (International) Company Limited (currently renamed as China Merchants Port Holdings Company Limited, the same as below) (Hong Kong stock code: 144) from May 2005 to June 2018, the chairman of the supervisory committee of China Merchants Energy Shipping Co., Ltd. from April 2014 to 16 June 2016, a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) from 26 June to 30 December 2015 and an independent director of Guangzhou Shipyard International Company Limited from June to November 2014. Mr. Wang Hong has been 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 a 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 Port Holdings Company Limited (Hong Kong stock code: 144) from 2005 to 2009 and its chief operational officer from 2007 to 2009. Prior to that, Mr. Wang Hong worked as a 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 Hong graduated from turbine management major in Dalian Maritime University in 1982 and obtained a Master Degree of Business Administration from Graduate School of University of Science and Technology Beijing in 1991 and a Ph.D. degree in management from Gradual School of Chinese Academy of Social Sciences in July 1999.



Mr. Liu Chong (劉冲), aged 49, is an executive Director and the general manager of COSCO SHIPPING Development Co., Ltd., a non-executive director of China Everbright Bank Company Limited (listed on the Hong Kong Stock Exchange under the stock code of 6818 and listed on the Shanghai Stock Exchange under the stock code of 601818), and a non-executive director of China Cinda Asset Management Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 1359). Mr. Liu Chong served as the deputy general manager of China Shipping Investment Co., Ltd., the deputy general manager of China Shipping Logistics Co., Ltd., the chief accountant of China Shipping (Hainan) Haisheng Shipping Co., Ltd., the head of the capital management division of China Shipping (Group) Company, the chief accountant of China Shipping Container Lines Co., Ltd., and the general manager of China Shipping Investment Co., Ltd. Mr. Liu Chong graduated from Sun Yat-sen University majoring in economics, and is a senior accountant.

CHAPTER X INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES



Mr. Mai Boliang (麥伯良), aged 60, has been the president of the Company since 7 March 1994, CEO and president of the Company since 27 August 2015 and an executive Director of the Company since 8 March 1994, current president and a non-executive director of CIMC Vehicles. Mr. Mai joined the Company in 1982 and served as manager of production technical department and the deputy manager. Mr. Mai graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor degree. Mr. Mai is the honorary president of the China Container Industry Association and the president of Shenzhen Association for Listed Companies.



Mr. Hu Xianfu (胡賢甫), aged 50, ethnic Han from Tongcheng, Anhui province, born in October 1969. He graduated from the department of engineering management of Wuhan University of Water Transportation Engineering, with a degree in finance and accounting in June 1992 and started his career in September 1992. Mr. Hu obtained his master's degree in business administration (MBA) from Shanghai University of Finance and Economics in May 2009. His major work experience is as follows: He was assigned to China Merchants Group Guangzhou office after graduation from July 1992 to June 1996, later despatched to Shekou Haihong Chemical Company (蛇口海虹化工公司) for internship, and then transferred to the representative group of finance department of China Merchants Group in Shekou since 1994. From September 1996 to October 2005, he was despatched to China Merchants Development Co., Ltd. (招商局發展有限公司), which was merged and restructured as China Merchants Industry Holdings Co., Ltd., serving successively as financial manager of China Merchants Heavy Industry, deputy manager and manager of the finance department of China Merchants Industry Holdings. He acted as chief financial officer of Yiu Lian Dockyards (Shekou) Limited and China Merchants Heavy Industry (Shenzhen) Co., Ltd. from October 2005 to January 2011, deputy general manager and chief financial officer of Yiu Lian Dockyards (Shekou) Limited and China Merchants Heavy Industry (Shenzhen) Co., Ltd. from February 2011 to April 2015, and deputy general manager and chief financial officer of China Merchants Industry Holdings Co., Ltd. from April 2015 to November 2017. He is serving as general manager of China Merchants Industry Holdings Co., Ltd. since November 2017.



Mr. Ming Dong (明東), aged 48, is the deputy general manager and a member of the Party committee of COSCO SHIPPING Development Co., Ltd. Mr. Ming Dong began his career in 1994, and consecutively worked in COSCO Finance Company Limited, the asset operation centre, president affairs department and capital operation department of China Ocean Shipping (Group) Company and the Company. He served as the general manager of the investor relations division and the securities affairs representative of China COSCO Shipping from July 2005 to December 2008, and the general manager of the securities affairs division of China Ocean Shipping (Group) Company and China COSCO Shipping from January 2009 to February 2016, and has been the deputy general manager and a member of the Party committee of COSCO SHIPPING Development Co., Ltd. since March 2016. Mr. Ming Dong graduated from the Central University of Finance and Economics majoring in international finance and investment economics, and obtained a master's degree in economics. He is a senior economist.

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES



Mr. He Jiale (何家樂), aged 65, has served as the director of the finance department and the deputy general manager of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited) from October 1994 to December 1997; the chief accountant of COSCO Container Lines Co., Ltd. (currently known as COSCO Shipping Lines Co. Ltd.) from January 1998 to September 2003; the chief financial officer of COSCO (Hong Kong) Group Limited (currently known as COSCO SHIPPING (Hong Kong) Co., Ltd.) from October 2003 to November 2005, and as its director and chief financial officer from February 2012 to November 2015; an executive director of COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd., listed on the Hong Kong Stock Exchange under the stock code of 00517) from November 2003 to January 2006 and from April 2012 to December 2015; the chief financial officer of China COSCO Holdings Company Limited (currently known as COSCO SHIPPING Holdings Co., Ltd., listed on the Hong Kong Stock Exchange under the stock code of 01919 and listed on the Shanghai Stock Exchange under the stock code of 601919) from November 2005 to January 2012; a non-executive director of Chong Hing Bank Limited (listed on the Hong Kong Stock Exchange under the stock code of 01111) from May 2012 to February 2014; an executive director of COSCO Pacific Limited (currently known as COSCO SHIPPING Ports Limited, listed on the Hong Kong Stock Exchange under the stock code of 01199) from November 2003 to June 2005 and from January 2009 to March 2013; and a supervisor of China International Marine Containers (Group) Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 02039 and listed on the Shenzhen Stock Exchange under the stock code of 000039) from September 2013 to May 2016. Mr. He has been appointed as an independent non-executive director of Qilu Expressway Company Limited (listed on the Hong Kong Stock Exchange under the stock code of 01576) since 28 December 2018. Mr. He graduated from the postgraduate studies of International Business, Management Science and Engineering from Shanghai University, and is a senior accountant.



Mr. Pan Zhengqi (潘正啟), aged 66, holds a master degree and the qualifications of senior economist. Mr. Pan successively served as seaman, secretary of Party Committee Office, section head, deputy director, director, manager of Enterprise Planning Division and concurrently director and secretary of Party Committee of No. 2 Ship Management Division and No. 4 Ship Management Division in Shanghai Ocean Shipping Company. He served as deputy general manager in Qingdao Ocean Shipping Company and concurrently general manager and secretary of Party Committee of Lianyungang Ocean Shipping Company; deputy general manager of COSCO Asia Company. He served as general manager of COSCO Asia Company and concurrently general manager of COSCO International City Development Company; vice president of COSCO Australia Company and concurrently general manager of COSCO New Zealand Company; party committee secretary of Shenzhen Ocean Shipping Company; deputy general manager of COSCO Hong Kong Shipping Company/Shenzhen Ocean Shipping Co., Ltd.

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES



Ms. Lui Fung Mei Yee, Mabel (呂馮美儀), aged 68, Justice of the Peace of Hong Kong. She holds a master degree in law from the University of Hong Kong. She is currently the senior executive consultant and head of Greater China Commercial Practice of Withers. She is also a non-executive director of Magnificent Hotel Investments Limited (Hong Kong stock code: 201), Shun Ho Property Investments Limited (Hong Kong stock code: 219) and Shun Ho Holdings Limited (Hong Kong stock code: 253). She is admitted to practice laws in Hong Kong, Singapore, New York State of the United States, England and Wales, and Victoria, Australia. She is a Notary Public (Hong Kong) authorized by China and a Notary Public. She was a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants, a member of the HKSAR Administrative Appeals Board and a member of the HKSAR Deposit Protection Appeals Tribunal. She has more than 40 years of experience in advising clients on China-related business matters. She has extensive experience in transactional work in Hong Kong and China, with a focus on cross-border and international mergers and acquisitions and investment of diverse.

2. Supervisors

Information on the current Supervisors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2019	31 December 2018
Lin Feng	M	44	Chairman of the Supervisory Committee	from 3 June 2019 to 2021 annual general meeting	0	0
Lou Dongyang	M	44	Supervisor	from 3 June 2019 to 2021 annual general meeting	0	0
Xiong Bo	M	60	Supervisor	from 3 June 2019 to the general staff meeting dated 2 June 2022	0	0

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Brief biography of the Supervisors:



Mr. Lin Feng (林鋒), aged 44, ethnic Han. From July 1997 to December 2007, Mr. Lin served as a financial officer of the branch office of Shanghai Haixing Freight Co., Ltd. (上海海興貨運有限公司) and the deputy chief financial officer and the chief financial officer of the finance department in Shanghai of China Shipping Bulk Carrier Co., Ltd. (中海散貨運輸有限公司). He served as the deputy director and director of the planning department and the budget management department of China Shipping (Group) Company (中國海運(集團)總公司) (currently known as China Shipping Group Company Limited (中國海運集團有限公司)) from January 2008 to January 2014. From January 2014 to August 2018, Mr. Lin served as the chief accountant and the deputy general manager of COSCO SHIPPING Financial Holdings Co., Ltd. (中遠海運金融控股有限公司) (formerly known as China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司)). He has been the chief accountant of COSCO SHIPPING Development Co., Ltd. from September 2018. Mr. Lin graduated from Shanghai School of Agriculture (上海農學院) (currently known as Shanghai Jiao Tong University School of Agriculture and Biology (上海交通大學農業與生物學院)) with a bachelor's degree in Economics in the currency banking major and holds the title of accountant.



Mr. Lou Dongyang (婁東陽), aged 44, is currently the chief financial officer of China Merchants Industry Holdings Co., Ltd. Mr. Lou has served as an assistant engineer in the Chemical Engineering Office of the Institute of Standardization of Nuclear Industry and as secretary-general for the National Technical Committee for Standardization of Radioisotopes from July 1997 to October 2001, as an engineer in the financial planning department in China Isotope Company from October 2001 to August 2003, as a specialist of the supervisory committee for key large state-owned enterprises under the State Council from August 2003 to August 2004, as deputy director of the supervisory committee for key large state-owned enterprises under the State Council from September 2008 to September 2012, as the assistant to the department director of the intellectual property administrative department of China Merchants Group from September 2012 to May 2015, as the assistant to the department director of the finance department (intellectual property department) of China Merchants Group from May 2015 to October 2015, and as the deputy general manager of the finance department (intellectual property department) of China Merchants Group from October 2015 to November 2017. Since December 2017, he has been the chief financial officer of China Merchants Industry Holdings Co., Ltd. Mr. Lou is also a director of CMIC Ocean En-Tech, and hold multiple positions of director and supervisor of several subsidiaries of China Merchants Group. Mr. Lou obtained a Bachelor's degree in Applied Chemistry from Peking University in 1997 and a Master's degree in Business Administration also from the same university in 2002.



Mr. Xiong Bo (熊波), aged 60, joined the Company in 1991. He currently serves as the tax manager of Finance Management Department of the Company. Mr. Xiong has been the chairman of the Labour Union of the Company since 1996. He graduated from Heilongjiang Radio and TV University in 1982 with major in electronics and received an associate bachelor's degree.

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INFORMATION ON DIRECTORS, SUPERVISORS, 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 (shares)	
					31 December 2019	31 December 2018
Mai Boliang	M	60	CEO and president	from 27 March 2019 to 2022 annual Board meeting	593,643 (A Shares)	494,702 (A Shares)
Gao Xiang	M	54	Executive Vice President	from 27 March 2018 to 2021 annual Board meeting	0	0
Li Yinhui	M	52	Vice President	from 27 March 2019 to 2022 annual Board meeting	0	0
Huang Tianhua	M	56	Vice President	from 27 March 2018 to 2021 annual Board meeting	540,000 (A Shares)	450,000 (A Shares)
Yu Yuqun	M	54	Vice President, Secretary to the Board, Company Secretary	from 27 March 2018 to 2021 annual Board meeting from 27 March 2019 to 2022 annual Board meeting	0	0
Zeng Han	M	44	General manager of financial department	from 27 March 2017 to 2020 annual Board meeting	0	0

Note: On 27 March 2019, Mr. Wu Fapei resigned due to the expiration of his term.

CHAPTER X INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Brief biography of the senior management:



Mr. Mai Boliang (麥伯良), is an executive Director, CEO and president of the Company. For details of Mr. Mai Boliang, please refer to "1. Directors" of "Brief Biography of the Directors, Supervisors and Senior Management" in this Chapter.



Mr. Gao Xiang (高翔), aged 54, has been a vice president of the Company since 1 April 2015 and executive vice president of the Company since 27 March 2018. Mr. Gao graduated from Tianjin University majoring in marine and shipbuilding engineering. He is also a senior engineer. Mr. Gao acted as the general manager of Tianjin CIMC North Ocean Container Co., Ltd., Tianjin CIMC Containers Co., Ltd., Tianjin CIMC Logistics Equipments Co., Ltd., Tianjin CIMC Vehicles Logistics Equipments Co., Ltd. and Tianjin CIMC Special Vehicles Co., Ltd., respectively, from 1999 to 2008. He worked as the assistant to the president of CIMC from 2004 to 2008. He served as the executive director and general manager of CIMC Enric Holdings Limited in 2009 and then the chairman of this company since 1 April 2015. Mr. Gao is also the chairman of certain subsidiaries of CIMC Enric Holdings Limited.



Mr. Li Yinhui (李胤輝), aged 52, has been a vice president of the Company since March 2004. He has been the chairman or director of a number of subsidiaries of the Company since 2004. He worked with us as part-time vice president from October 2002 to October 2003. Mr. Li worked in Ministry of Commerce from March 2003. Between May 1993 and March 2003, he worked in State Commission of Foreign Trade and Economic Cooperation. Prior to that, Mr. Li worked in Central Committee of Chinese Communist Youth League. He received his bachelor degree in history from Jilin University in July 1991, an MBA degree from School of Business in Nanjing University in December 1997 and Ph.D. in economics from Jilin University in June 2001. Mr. Li successfully completed a three years' research at the postdoctoral centre of China Centre for International Economic Exchanges in September 2016.

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Mr. Huang Tianhua (黃田化), aged 56, the vice president of the Company from 27 March 2018. Mr. Huang graduated from Dalian Jiaotong University (formerly Dalian Railway College) majoring welding technique and engineering. He started his career in August 1984 and joined CIMC in March 1988. Mr. Huang served as an engineer in Shenzhen Southern CIMC Containers Manufacture Co., Ltd. from March 1988 to 1995 and assistant to the general manager of Shanghai CIMC Reefer Container from 1995 to 1999. From 1999, he has subsequently served as general manager of various companies including CIMC Cold Chain Investment, Qingdao CIMC Reefer Container (QCRC), Qingdao CIMC Special Reefer (QCSC), Qingdao Refrigeration Transport Equipment (QCTC), Shanghai CIMC Reefer Containers (SCRC), CIMC Taicang Refrigeration Equipment (TCRC) and CIMC Refrigerated Car North America (CRTI) and the vice president of CIMC Vehicles (Group). From 2012 to March 2018, he served as assistant to the president of CIMC. From 2012 to present, he has served as deputy general manager of CIMC Container Holding Co., Ltd. and the chairman of various companies of which Container Holding is a subsidiary, as well as the chairman of numerous entrepreneurial subsidiaries of CIMC, including CIMC Wood, CIMC E-Commerce, CIMC Multimodal Transport and CIMC Tongchuang. In addition, Mr. Huang has served as the president of the China Federation of Logistics & Purchasing Cold Chain Logistics Committee since 2010, the deputy executive director of the China Container Industry Association since 2014, and member of the Shenzhen CPPC, member and vice secretary general of the National Standardization Technical Committee since 2015.



Mr. Yu Yuqun (于玉群), aged 54, has been the secretary to the Board of the Company since March 2004 and has been the Company Secretary since 25 October 2012 and the vice president of the Company from 27 March 2018. 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 shareholder relationship, investor 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 was re-designated as a non-executive director in 5 September 2016. He was a non-executive director of TSC Group Holdings Limited (currently referred as CMIC Ocean En-Tech and whose shares are listed on the Main Board of the Hong Kong Stock Exchange) from 2011 to 2016. Mr. Yu is currently a non-executive director of CIMC TianDa (whose shares are listed on the Main Board of the Hong Kong Stock Exchange), a non-executive director of Pteris Global Limited, the chairman of SESKYC and a director of several subsidiaries. Mr. Yu is the member of Appeal and Review Committee of the Shenzhen Stock Exchange. 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.

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES



Mr. Zeng Han (曾邗), aged 44, born in 1975, had been the general manager of the former financial department of the Company since March 2017, and has been the general manager of the financial department of the Company formed by the merger of the former financial department and capital management department since January 2018. Mr. Zeng Han joined the Company in 1999, and has successively served as the manager of the accounting division of the financial department and an assistant to the general manager, a deputy general manager and the executive deputy general manager of the financial department. He also held a concurrent post as the manager of the financial department of CIMC Enric Holdings Limited (Hong Kong stock code: 3899) from 2009 to 2010. Since 2015, he has consecutively been appointed as a director of a number of subsidiaries under the Group including CIMC Container Holding Co., Ltd., CIMC Enric Holdings Limited, CIMC Marine Engineering Academe Co., Ltd., CIMC-TianDa Holdings Company Limited, CIMC Modern Logistics Development Co., Ltd., CIMC Finance Co., Ltd., CIMC Financial Leasing Co., Ltd. and Shenzhen CIMC Skyspace Real Estate Development Co., Ltd., and held concurrent posts as the chairman of Shenzhen CIMC Investment Co., Ltd., the general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. and the general manager of the financial informatization project department of the CIMC. Mr. Zeng graduated from Hangzhou Institute of Electronic Engineering with a bachelor's degree in economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. Mr. Zeng Han is a certified public accountant in China.

Save as disclosed above, all directors, supervisors, senior management and substantial shareholders have no financial, business, family or other significant/related relationships with other directors, supervisors, senior management and substantial shareholders.

II. CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Status	Gender	Age	Start of term of office	End of term of office	Number	Increase	Decrease	Other movement	Number
							of shares held at the beginning of the Reporting Period (shares)	in the number of shares held during the Reporting Period (shares)	in the number of shares held during the Reporting Period (shares)		of shares held at the end of the Reporting Period (shares)
Mai Boliang	Executive director, CEO and president	Current	M	60	7 March 1994	to 2022 annual Board meeting	494,702 (A Shares)	98,941	0	0	593,643 (A Shares)
Huang Tianhua	Vice president	Current	M	56	27 March 2018	to 2021 annual Board meeting	450,000 (A Shares)	90,000	0	0	540,000 (A Shares)

Note: According to the profit distribution plan for 2018, based on the total share capital of the Company as at the dividend payment record date of 2018, the Company distributed RMB5.5 in cash (including tax) for every 10 shares to all Shareholders, with no bonus shares issued, and additional 2 new shares were issued to all Shareholders for every 10 shares held by way of conversion of capital surplus. Therefore, the profit distribution plan of 2 converted shares per every 10 shares was applicable to the shares held by the senior management at the beginning of period.

CHAPTER X
INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

III. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ASSOCIATED CORPORATION THEREOF

As at 31 December 2019, the interests or short positions held by the Directors, Supervisors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) pursuant to Part XV of the SFO which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange in accordance with the Model Code contained in Appendix 10 of the Hong Kong Listing Rules, was as follows:

1. Interest in the Shares of the Company

Name	Nature of interest	Number of shares (shares)	Type of the shares
Mai Boliang	Beneficial interest	593,643	A Shares

2. Interest in the Underlying Shares of the Company

For details of the interests in the underlying shares of the Company held by any Director, Supervisor and chief executive of the Company as at 31 December 2019, please refer to "XV. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter VIII Significant Events" in this Report.

3. Interest in the Associated Corporation of the Company

Name	Name of associated corporation	Nature of interest	Number of Shares (shares)
Mai Boliang	CIMC Enric	Beneficial interest	7,260,000 (ordinary share)

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Type	Date	Reasons
Wang Hong	Chairman	Re-appointment	3 June 2019	Re-appointment
Wang Yuhang	Vice chairman	Retirement upon expiry of the term	3 June 2019	Retirement upon expiry of the term
Liu Chong	Vice chairman	Re-appointment	3 June 2019	Re-appointment from a former director to the vice chairman
Ming Dong	Non-executive Director	Appointment	3 June 2019	Appointment
Hu Xianfu	Non-executive Director	Re-appointment	3 June 2019	Re-appointment
Mai Boliang	Executive Director	Re-appointment	3 June 2019	Re-appointment
Pan Chengwei	Independent non-executive Director	Retirement upon expiry of the term	3 June 2019	Retirement upon expiry of the term
Pan Zhengqi	Independent non-executive Director	Re-appointment	3 June 2019	Re-appointment
Wong Kwai Huen, Albert	Independent non-executive Director	Retirement upon expiry of the term	3 June 2019	Retirement upon expiry of the term
He Jiale	Independent non-executive Director	Appointment	3 June 2019	Appointment
Lui Fung Mei Yee, Mabel	Independent non-executive Director	Appointment	3 June 2019	Appointment
Wang Hongyuan	Supervisor	Retirement upon expiry of the term	3 June 2019	Retirement upon expiry of the term
Lou Dongyang	Supervisor	Appointment	3 June 2019	Appointment
Wu Fapei	Vice president	Retirement upon expiry of the term	27 March 2019	Retirement upon expiry of the term

V. JOB STATUS OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

1. Job Status in Shareholders' Company

Name	Name of Shareholders' company	Position in Shareholders' company	Start of term of office	End of term of office	With compensation allowance from Shareholders' company or not
Wang Hong	China Merchants Group Limited	Deputy general manager	March 2015	–	Yes
Liu Chong	COSCO SHIPPING Development Co., Ltd.	Director, General manager	March 2016	–	Yes
Hu Xianfu	China Merchants Industry Holdings Limited	General manager	November 2017	–	Yes
Ming Dong	COSCO SHIPPING Development Co., Ltd.	Deputy general manager, Member of CPC Committee	March 2016	–	Yes
Lin Feng	COSCO SHIPPING Development Co., Ltd.	Chief accountant	August 2018	–	Yes
Lou Dongyang	China Merchants Industry Holdings Limited	Chief financial officer	December 2017	–	Yes

2. Job Status in Other Companies

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
Wang Hong	Sinotrans Limited	Chairman	1 June 2018	26 February 2019	No
Liu Chong	Cinda Asset Management Co., Ltd.	Director	August 2017	–	No
	China Everbright Bank Co., Ltd.	Director	December 2019	–	No
Ming Dong	Kunlun Bank Co., Ltd.	Director	February 2017	–	No
	Shanghai Life Insurance Co., Ltd.	Director	July 2019	–	No
	Strait Energy (Beijing) Intercontinental Investment Company Ltd.	Director	March 2018	–	No
	Industrial Fund Management Co., Ltd.	Director	November 2017	–	No

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

Applicable Not Applicable

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

VI. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Decision-making Process, Basis for Determination and Actual Payment of Remuneration of Directors, Supervisors and Senior Management

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

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

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

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

Unit: RMB thousand

Name	Position	Gender	Age	Status	Total remuneration before tax from the Company	Remuneration Received from related parties of the Company
Wang Hong	Chairman and non-executive Director	M	57	Current	–	–
Wang Yuhang	Vice chairman and non-executive Director	M	58	Retirement	–	–
Mai Boliang (Note 1)	Executive Director, CEO and president	M	60	Current	9,451	–
Hu Xianfu	Non-executive Director	M	50	Current	–	–
Liu Chong	Vice chairman and non-executive Director	M	49	Current	–	–
Pan Chengwei	Independent non-executive Director	M	73	Retirement	100	–
Ming Dong	Non-executive Director	M	48	Current	–	–
He Jiale	Independent non-executive Director	M	65	Current	140	–
Pan Zhengqi	Independent non-executive Director	M	66	Current	240	–
Wong Kwai Huen, Albert	Independent non-executive Director	M	68	Retirement	100	–
Lui Fung Mei Yee, Mabel	Independent non-executive Director	F	68	Current	140	–
Lin Feng	Chairman of the Supervisory Committee	M	44	Current	–	–
Lou Dongyang	Supervisor	M	44	Current	–	–
Wang Hongyuan	Supervisor	M	44	Retirement	–	–
Xiong Bo (Note 2)	Supervisor	M	60	Current	508	–
Gao Xiang	Executive vice president	M	54	Current	4,187	–
Wu Fapei	Vice president	M	61	Retirement	332	–
Li Yinhui	Vice president	M	52	Current	3,031	–
Huang Tianhua	Vice president	M	56	Current	3,640	–
Yu Yuqun	Vice president and Secretary to the Board	M	54	Current	3,763	–
Zeng Han	General Manager of Financial Management Department	M	44	Current	2,210	–
Total	–	–	–	–	27,842	–

Note 1: As the executive Director of the Company, Mr. Mai Boliang has received the remuneration from the Company due to his position of CEO and president in the Company.

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

The top five people who received the highest remuneration from the Group in 2019 have been listed in the above table.

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

Name	Position	Exercisable during the Reporting Period (shares)	Exercised during the Reporting Period (shares)	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 (shares)	Number of newly granted restricted shares during the Reporting Period (shares)	Grant price of restricted Shares (RMB/share)	Number of restricted shares held at the end of the Period (shares)
Mai Boliang	Executive Director, CEO and president	3,420,000	0	8.06	9.82	0	0	0	0
Gao Xiang	Executive vice president	450,000	0	8.06	9.82	0	0	0	0
Li Yinhui	Vice president	900,000	0	8.06	9.82	0	0	0	0
Huang Tianhua	Vice president	0	0	8.06	9.82	0	0	0	0
Yu Yuqun	Vice president and secretary to the board	900,000	0	8.06	9.82	0	0	0	0
Zeng Han	General Manager of Financial Management Department	346,500	0	8.06	9.82	0	0	0	0
Total	-	6,016,500	0	-	-	0	0	0	0

Note: On 27 March 2019, Mr. Wu Fapei, vice president of the Company retired upon expiry of the term. As at 31 December 2019, Mr. Wu Fapei had 900,000 outstanding options of the Company A-shares. The profit distribution plan for 2018 is based on the total share capital of the Company as at the record date of dividend payment for 2018, a cash dividend of RMB5.5 (tax inclusive) per 10 shares was distributed to all Shareholders; no bonus share was issued, and additional 2 new shares were issued to all Shareholders for every 10 shares being held by way of conversion of capital surplus. Therefore, the profit distribution plan of 2 converted shares per every 10 shares was applicable to the options held by the senior management at the beginning of the period.

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.

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INFORMATION ON DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

VII. EMPLOYEES OF THE COMPANY

1. Number of Domestic Employees, Professional Composition and Education Background

Number of in-service employees of the Company	268
Number of in-service employees of principal subsidiaries	49,447
Total number of in-service employees	49,715
Total number of employees who received salaries during the Reporting Period	49,715
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	143

Professional composition	
Professional composition	Number of employees
Production personnel	32,110
Sales personnel	2,443
Technical personnel	8,863
Financial personnel	1,161
Administration personnel	5,138
Total	49,715

Education background	
Education degree	Number of employees
PHD	34
Master	1,233
Bachelor	9,972
College	8,436
Senior high school and below	30,040
Total	49,715

2. Remuneration Policies

For details of the Company's remuneration policies, please refer to "Employees and Remuneration Policies" of "Chapter VI Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules" in this Report.

3. Training Programme

The Group sticks to its core cultural philosophy of "people-oriented and mutual business" and constantly develops talents for the industry through building a talent training system with CIMC characteristics. The multilevel and composite talent training system of the Group includes new employees training, general skills training, professional training, leadership training programme and international talent training programme.

4. Labour Outsourcing

Applicable Not Applicable

CHAPTER XI

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

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

1. SITUATION OF CORPORATE GOVERNANCE

During the Reporting Period, the Company continued to enhance and improve the Company’s corporate governance and standardised 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 as well as the requirements of the Listing Rules. On 15 January 2019, the Resolution Regarding the Amendment to the Articles of Association of China International Marine Containers (Group) Co., Ltd. was considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders’ class meeting for 2019 and the first H Shareholders’ class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The Company has established a corporate governance structure which is in line with the requirements of management of modern enterprise and ensures the full and balanced performance of all functions. In accordance with a series of rules and regulations of the Company such as the Rules of Procedure for Shareholders’ Meeting, the Rules of Procedure for Board, the Rules of Procedure for Supervisory Committee and the Working rules for the President, the Company implemented effective corporate governance by giving full play to the role of Board committees. The functions and responsibility of the general meeting, the Board and the Supervisory Committee were thus fully performed and balanced, which safeguarded the interests of the Shareholders and the Company effectively ensured the sustainable and healthy development of the Company. Focusing on major risks, the Group completed two special management projects to address major risks in pilot segments, issued a series of risk control guidelines, and promoted the organization of exams on “the performance of risk control by directors, supervisors and senior management” at all levels within the Group, in an effort to improve the risk control awareness and performance ability of core cadres. In 2019, the Group was rated as the top among the Top Ten Units in the enterprise anti-fraud work in the excellence selection activity organized by China’s Enterprise Anti-Fraud Alliance.

In accordance with standards for the corporate governance of listed companies issued by CSRC, CSRC Shenzhen Bureau, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company positively and timely completed corporate governance rectification, special inspection and system establishment as required by relevant regulatory authorities. In 2019, the Company was awarded an Outstanding Responsibility Enterprise of China’s Corporate Social Responsibility by the Chinese Academy of Social Sciences and Southern Weekly and the May 1 Labor Award of Guangdong Province by Guangdong Federation of Trade Unions, and was ranked 24th among the Top 500 Enterprises in Guangdong Province by Guangdong Enterprise Confederation.

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CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

In 2019, the Company continued to place emphasis on and was committed to improving investor relations management. According to relevant laws and regulations such as the Company Law, the Securities Law, and the Manual for Investor Relations Management of Listed Companies and the requirements of the Articles of Association, the Company followed the principles of “full and compliance disclosure of information, equal opportunity for all investors, honesty and integrity, and interactive communication” throughout management of the investor relations. In the interests of medium and small investors, the Company adopted effective and convenient measures in daily work and settlement of major issues to strengthen all-around and effective communication with Shareholders and investors. Selective disclosure was avoided to ensure the interests of medium and small Shareholders in respect of obtaining corporate information in a fair and just manner. It earnestly conducted daily reception, patiently answered inquiries of investors through phone calls, participated in annual investment conferences and thematic meetings held by domestic and international securities brokers and conducted “one to one” or “one to many” communications with institutional investors. In respect of the newsworthy events or emergencies concerned by Shareholders and investors, the Company replied the online inquiries on the “Interaction Easy” and “Interactive Platform for Investor Relations” of the Shenzhen Stock Exchange to achieve timely, patient and objective communications with medium and small investors. In 2018, the Company received visits, researches and plant visits from various institutional investors of fund and investment companies, securities companies and individual investors of approximately 14 times in total. CIMC arranged for institutional investors such as securities brokers and funds to conduct field researches to the Company several times to visit the operational bases or projects of containers, automobile and airport businesses, enabling them to deeply understand the development of strategically emerging industries and new business expansion of the Company. Through demonstration of technological research results and development objectives of various business segments, the Company enabled its investors and Shareholders to further recognise their investment value, enhanced the confidence of its investors, safeguarded the rights to know of investors, strengthened the sense of belonging of Shareholders in the Company and created good Shareholders’ culture. Among them, in October 2019, CIMC and CIMC TianDa organized investors to participate in the 18th International Fire Protection Equipment Technology Conference & Exposition. In addition, the Company held the Disclosure Meeting of Annual Results of 2018 at the end of March 2019 and Disclosure Meeting of Interim Results of 2019 at the end of August 2019 respectively, and provided live broadcast of the meetings to domestic investors through the live webcasting platform. Further, the Company distributed the contents of the official website of the Company through the mobile platform in a timely manner, with a view to enrich information sources for medium and small investors.

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

Yes No

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. 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 have used any inside information to trade the Company’s shares before disclosure of major sensitive information affecting the Company’s share price in 2019.

CHAPTER XI CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

2. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS IN RESPECT OF BUSINESS, PERSONNEL, ASSET, ORGANISATIONAL STRUCTURE AND FINANCE

The direct substantial Shareholders of the Company are China Merchants (CIMC) Investment (its controlling shareholder is China Merchants Group) and COSCO Container Industries (its controlling shareholder is China COSCO Shipping). The Company has an independent and complete business system and has the capacity for independent operation in the market. The Company is fully independent from its substantial Shareholders in respect of our business, personnel, asset, organisational structure and finance, and they independently proceed with audit and assume responsibilities and risks. (1) Business: The production system, purchase system, auxiliary production system and sales system of the Group are independent. The Company owns intangible assets such as industrial property, trademark, and non-patent technology independently. (2) Personnel: The labour, personnel and salary management institutions of the Company are independent. The system is complete. The Company and the substantial Shareholders do not share staff or senior management. All of the Company's senior management are paid by listed companies. The financial personnel of the Company do not hold any other positions in affiliated companies. (3) Assets: The property rights between the Company and the substantial Shareholders are clear, with complete procedures. The property rights are managed by the Company independently. The substantial Shareholders do not occupy or govern the assets of the Company nor interfere with its operational management of the assets. (4) Organisational structure: the Board, the Supervisory Committee and other internal institutions of the Company are complete and operate independently. The substantial Shareholders perform their rights according to the law and assume corresponding obligations without directly or indirectly interfering with the business activities of the Company by overstepping the general meeting. (5) Finance: The finance department, financial accounting system, financial management system and bank account of the Company are independent and pay taxes independently.

During the Reporting Period, the Company has not provided undisclosed information to the substantial Shareholders and the de facto controllers, and there was no other non-compliance governance problem.

CHAPTER XI CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

3. HORIZONTAL COMPETITIONS

Applicable Not Applicable

China Merchants (CIMC) Investment, a direct Shareholder of the Company, is a wholly-owned subsidiary of China Merchants Industry Holdings and its de facto controller is China Merchants Group. So far as the Company is aware, China Merchants (CIMC) Investment is not engaged in any business related to the principal businesses of the Group, but horizontal competition relationship exists between the Company and other subsidiaries of China Merchants Group, namely, the offshore engineering business of the Group is the same or similar to that of the subsidiaries under China Merchants Group, which constitutes a horizontal competition relationship. The Company has tapped into the offshore engineering business market through acquisition of Yantai CMIC Raffles Offshore Ltd. and treats the offshore engineering business as one of the core businesses of the Company. Other than this, there is no horizontal competition relationship between the controlling Shareholder and the de facto controller of China Merchants (CIMC) Investment and the Group.

The de facto controller of COSCO Container Industries and Long Honour Investments Limited directed shareholder of the Company, is China COSCO Shipping. So far as the Company is aware, COSCO Container Industries and Long Honour Investments Limited is not engaged in any business related to the principal businesses of the Group, but horizontal competition relationship exists between the Company and other subsidiaries of China COSCO Shipping, namely, the container manufacturing business, the logistics services business and the financing lease business under the finance and asset management business of the Company are the same or similar to those of the subsidiaries under China COSCO Shipping, which constitutes a horizontal competition relationship. Other than this, there is no horizontal competition relationship between the controlling Shareholder and the de facto controller of COSCO Container Industries and Long Honour Investments Limited and the Group.

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CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

4. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED DURING THE REPORTING PERIOD

(1) General Meetings Convened during the Reporting Period

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Notice date	Disclosure date	Disclosure index
First extraordinary general meeting for 2019	Extraordinary general meeting	49.1305%	15 January 2019	29 November 2018	15 January 2019	
First A Shareholders' class meeting for 2019	Extraordinary general meeting	34.5038%	15 January 2019	29 November 2018	15 January 2019	
First H Shareholders' class meeting for 2019	Extraordinary general meeting	59.9384%	15 January 2019	29 November 2018	15 January 2019	
Annual general meeting for 2018	Annual general meeting	49.2568%	3 June 2019	12 April 2019 and 17 May 2019	3 June 2019	www.cninfo.com.cn;
Second A Shareholders' class meeting for 2019	Extraordinary general meeting	34.4933%	3 June 2019	12 April 2019 and 17 May 2019	3 June 2019	www.hkexnews.hk;
Second H Shareholders' class meeting for 2019	Extraordinary general meeting	60.1577%	3 June 2019	12 April 2019 and 17 May 2019	3 June 2019	www.cimc.com
Second extraordinary general meeting for 2019	Extraordinary general meeting	49.2125%	25 November 2019	10 October 2019 and 31 October 2019	25 November 2019	
Third extraordinary general meeting for 2019	Extraordinary general meeting	48.9836%	16 December 2019	30 October 2019 and 3 December 2019	16 December 2019	

Note: The proportion of investors' participation represents the shareholding proportion of the total share capital of the Company held by the participating investors.

(2) The Extraordinary General Meetings Requested by the Shareholders of Preference Shares who Regained the Voting Right

Applicable Not Applicable

5. THE DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE REPORTING PERIOD

In 2019, the independent non-executive Directors of the Company were committed to strictly and diligently performing their duties in accordance with 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. They expressed their views objectively and independently, protected the interests of the independent Shareholders and played a part in the balancing of 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 XI CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

1. Independent Directors' Attendance to the Board Meetings and the General Meetings

Independent Directors' Attendance to the Board Meetings							
Name of independent Director	Required number of Board meetings to attend during the Reporting Period	Attendance in person	Attendance by means of telecommunication	Attendance by proxy	Absence	Not attending in person for two consecutive meetings	
He Jiale	12	1	11	0	0	No	
Pan Chengwei	8	1	7	0	0	No	
Pan Zhengqi	20	2	18	0	0	No	
Lui Fung Mei Yee, Mabel	12	1	11	0	0	No	
Wong Kwai Huen, Albert	8	1	7	0	0	No	
Times of attendance of independent Directors at the general meetings	Please refer to "(2) Attendance of the Directors at the general meetings" of "4. Shareholders and General Meetings" under "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 to Duty Performance of Independent Directors

Nil

6. DUTY PERFORMANCE OF SPECIAL COMMITTEES OF THE BOARD DURING THE REPORTING PERIOD

The Board has set up five special committees, i.e. Audit Committee, Remuneration and Appraisal Committee, Strategic Development Committee, Nomination Committee and Risk Management Committee. These special committees conscientiously performed their duties in accordance with the Governance Guidelines of Listed Company, the Hong Kong Listing Rules, the Articles of Association, the Rules of Procedures for the Board, and the authorities and obligations mandated by the implementation rules of each special committee. For the meetings of each special committee under the Board during the Reporting Period, please refer to "3. Special Committees of the Board" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter.

CHAPTER XI CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

7. OPERATION OF THE SUPERVISORY COMMITTEE

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

Yes No

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

8. APPRAISAL AND INCENTIVES OF SENIOR MANAGEMENT

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

On 17 September 2010, as considered and approved at the first extraordinary general meeting in 2010 of the Company, the Company launched and implemented an incentive scheme of the share option of A Shares. For relevant information, please refer to "XV. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter VIII Significant Events" in this Report. The A Share(s) share option incentive scheme is conducive to the interest sharing and restriction mechanism between the Shareholders, the management and key staff. The management can better balance short-term and long-term targets; attract and retain excellent management personnel and business backbones; continue to create incentive value, ensure long-term stable development of the Company and reinforce competitiveness of the Company.

9. INTERNAL CONTROL

(1) Details of Material Defects of Internal Control Detected during the Reporting Period

Yes No

According to the findings in identifying the Company's significant deficiency in internal controls over financial reporting, as at the baseline date of the internal controls assessment report (31 December 2019), the Company has no significant deficiency in internal controls over financial reporting. The Board is of the opinion that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective internal controls over financial reporting in all material aspects.

According to the findings in identifying the Company's significant deficiency in internal controls over non-financial reporting, as at the baseline date of the internal controls assessment report (31 December 2019), the Company has not found any significant deficiency in internal controls over non-financial reporting.

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(2) Self-Assessment Report on Internal Control

Disclosure date of full text of internal control assessment report	26 March 2020
Disclosure index of full text of internal control assessment report	www.cninfo.com.cn
Proportion of total assets of the units incorporated in the assessment scope in the Company's total assets in the consolidated financial statements	95%
Proportion of revenue of the units incorporated in the assessment scope in the Company's revenue in the consolidated financial statements	95%

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

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

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Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
Quantitative benchmark	<p>(The erroneously reported amounts (X) in financial statement falls between the following range)</p> <p>Significant deficiency:</p> <ol style="list-style-type: none"> $x \geq 0.5\%$ of total sales revenues; $x \geq 5\%$ of total profits; $x \geq 1\%$ of total assets; $x \geq 1\%$ of total stakeholders' interests. <p>Important deficiency:</p> <ol style="list-style-type: none"> 0.1% of total sales revenues $\leq x < 0.5\%$ of total sales revenues; 1% of total profits $\leq x < 5\%$ of total profits; 0.2% of total assets $\leq x < 1\%$ of total assets; 0.2% of total stakeholders' interests $\leq x < 1\%$ of total stakeholders' interests. 	<p>Significant deficiency:</p> <ol style="list-style-type: none"> 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; Continuous interruption of normal services for a period of over 48 hours in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on. <p>Important deficiency:</p> <ol style="list-style-type: none"> 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; 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.

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Category	Deficiency identification criteria	
	Financial reporting	Non-financial reporting
	General deficiency:	General deficiency:
	1. $x < 0.1\%$ of total sales revenues;	1. Failure to perform annual maintenance and update of internal controls system documentation, and failure to retain a full set of working papers for internal controls sampling checks;
	2. $x < 1\%$ of total profits;	
	3. $x < 0.2\%$ of total assets;	
	4. $x < 0.2\%$ of total stakeholders' interests.	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.
	Number of significant deficiency of financial reporting	0
	Number of significant deficiency of non-financial reporting	0
	Number of important deficiency of financial reporting	0
	Number of important deficiency of non-financial reporting	0

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10. INTERNAL CONTROL AUDIT REPORT

Applicable Not Applicable

The paragraphs of review opinions in the internal control audit report

In our opinion, CIMC has maintained effective internal controls in respect of financial reporting in all material aspects in accordance with the Basic Norms for Enterprise Internal Controls and relevant requirements on 31 December 2019.

Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	26 March 2020
Disclosure index of full text of internal control audit report	http://www.cninfo.com.cn
Category of opinions in internal control audit report	Unqualified opinions
Whether there are material deficiencies in non-financial reporting	None

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

Yes No

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

Yes No

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

The Company has been committed to enhancing its corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfil corporate responsibility as a listed company as well as maximise long-term Shareholders value. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of code provisions A.1.1. The details of deviation from the code provisions of Corporate Governance Code and its considerations are disclosed in relevant paragraphs below.

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

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors and Supervisors as set out in Appendix 10 of the Hong Kong Listing Rules. Having made enquiries to all Directors and Supervisors, each Director and Supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the Reporting Period.

2. THE BOARD

(1) Authorities of the Board

The Board of the Company is elected by the general meeting of the Company through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the senior management, ensure that the Company's interests are protected and are accountable to the Shareholders. On 15 January 2019, the Resolution Regarding the Amendment to the Rules of Procedures for the Board of Directors of China International Marine Containers (Group) Co., Ltd. was considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders' class meeting for 2019 and the first H Shareholders' class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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

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

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(2) Composition of the Board

According to the Articles of Association, the Board consists of eight Directors, including one chairman, one vice chairman and three independent non-executive Directors.

Among the current Directors, the four non-executive Directors have vast and extensive experience in business and management; the three independent non-executive Directors also own profound academic and professional qualifications and rich industry experience in shipping, finance, legal and management. Especially, Mr. He Jiale, an independent non-executive Director, has appropriate accounting and financial management expertise, independent non-executive Director Mr. Pan Zhengqi has appropriate shipping management expertise, and independent non-executive Director Ms. Lui Fung Mei Yee, Mabel have appropriate legal affairs management expertise. The professional qualifications and abundant experience of current Directors help the Board rigorously review and monitor management procedures to ensure the interests of all Shareholders, including minority Shareholders. Profiles of Directors of the Company are set out in the section headed “Brief Biography of the Directors” under “Chapter X Information on Directors, Supervisors, Senior Management and Employees” of this Report. The personnel qualification and composition of the Board of the Company comply with Rule 3.10 and Rule 3.10A of the Hong Kong Listing Rules.

There are three independent non-executive Directors in the Board of the Company, exceeding one third of the total number of Directors of the Board, which satisfied the requirements regarding the number of independent non-executive directors under the Hong Kong Listing Rules. The three independent non-executive Directors perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations, and do not hold other positions in the Company. The Company has received annual confirmation of independence for 2019 from each of the three independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the three independent non-executive Directors are completely independent of the Company, its substantial Shareholders and its connected persons and comply with the requirements under the Hong Kong Listing Rules.

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

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(3) Board Meeting

1. Attendance

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2019, the Board convened 20 meetings, including 2 on-site meetings and 18 meetings voting in written form. The attendance of all Directors to the meetings is as follows:

Name	Position	Time of attendance in person	Board Meeting		Rate of attendance in person(%)
			Time of attendance by proxy		
Wang Hong	Chairman, non-executive Director	20	0		100
Wang Yuhang (Note)	Vice chairman, non-executive Director	2	6		25
Liu Chong	Vice chairman, non-executive Director	20	0		100
Mai Boliang	Executive Director	20	0		100
Hu Xianfu	Non-executive Director	20	0		100
Ming Dong (Note)	Non-executive Director	12	0		100
Pan Chengwei (Note)	Independent non-executive Director	8	0		100
He Jiale (Note)	Independent non-executive Director	12	0		100
Pan Zhengqi	Independent non-executive Director	20	0		100
Wong Kwai Huen, Albert (Note)	Independent non-executive Director	8	0		100
Lui Fung Mei Yee, Mabel (Note)	Independent non-executive Director	12	0		100

Note: On 3 June 2019, Mr. Wang Yuhang, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. Ming Dong was appointed as non-executive Director; Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

2. The Convening of the Board Meetings and the Resolutions Considered

The Board convened 20 Board meetings and 19 meetings of special committees of the Board and passed 61 resolutions of the Board and 29 letters of opinions from Board committees during the Reporting Period.

Session of meeting of the Board	Date	Resolutions of the Board considered
The 1st meeting in 2019 of the 8th session	4 January 2019	Nil
The 2nd meeting in 2019 of the 8th session	14 January 2019	Resolution on the election of a director to preside over the first extraordinary general meeting in 2019

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Session of meeting of the Board	Date	Resolutions of the Board considered
The 3rd meeting in 2019 of the 8th session	27 March 2019	<ol style="list-style-type: none"> 1. Resolution on the 3rd meeting in 2019 2. Resolution on the financing arrangement in 2019 3. Resolution on the provision of guarantees for financial institution facilities granted to and projects of the subsidiaries of the Company in 2019 4. Resolution on the provision of credit guarantees by C&C Trucks Co., Ltd. and its holding subsidiaries to their distributors and customers 5. Resolution on the provision of credit guarantees by Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd. to its customers 6. Resolution on the provision of credit guarantees for mortgage loans by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. and its holding subsidiaries to purchasers of commodity houses 7. Resolution on the provision of credit guarantees by Shenyang CIMC Industrial Park Investment Development Co., Ltd. to its customers 8. Resolution on the provision of credit guarantees by CIMC Enric Holdings Limited and its holding subsidiaries to their customers 9. Resolution on the provision of credit guarantees by CIMC Vehicles (Group) Co., Ltd. and its holding subsidiaries to their distributors and customers 10. Resolution on the application of CIMC Finance Co., Ltd. for the provision of external guarantees business to CIMC and its members 11. Resolution on the provision of credit guarantees by CIMC Container Holding Co., Ltd. and its subsidiaries to their customers 12. Resolution on the provision of credit guarantees by CIMC Modern Logistics Development Co., Ltd. and its holding subsidiaries to their customers 13. Resolution on the management of derivatives hedging business in 2019 14. Resolution on the amendments to the Administrative Measures of CIMC for Short-Term Funds Management Business
The 4th meeting in 2019 of the 8th session	3 April 2019	Resolution on granting Mr. Mai Boliang (CEO and president) full authorization to handle the matters in relation to the spin-off and separate listing of CIMC Vehicles (Group) Co., Ltd. on the Main Board of The Stock Exchange of Hong Kong Limited
The 5th meeting in 2019 of the 8th session	12 April 2019	<ol style="list-style-type: none"> 1. Resolution on the convening of the 2018 annual general meeting and the second A+H shareholders' class meeting in 2019 2. Resolution on the equity transfer of Tianjin Port CIMC Zhenhua Logistics Co., Ltd.
The 6th meeting in 2019 of the 8th session	29 April 2019	<ol style="list-style-type: none"> 1. Resolution on the first quarterly report of 2019; 2. Directors' written confirmation on the first quarterly report of 2019
The 7th meeting in 2019 of the 8th session	17 May 2019	Resolution on the 7th meeting in 2019
The 8th meeting in 2019 of the 8th session	2 June 2019	Resolution on adjusting the fixed remuneration in 2019 of Mr. Mai Boliang, our Director, CEO and president

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Session of meeting of the Board	Date	Resolutions of the Board considered
The 1st meeting in 2019 of the 9th session	3 June 2019	Resolutions on the 1st meeting in 2019 of the 9th session of Board
The 2nd meeting in 2019 of the 9th session	28 June 2019	Resolution on the matters in relation to the adjustment to the A Share Options Incentive Scheme
The 3rd meeting in 2019 of the 9th session	1 August 2019	Proposal on cooperative development of the Prince Bay Project by CIMC Skyspace Real Estate and Shenzhen Country Garden
The 4th meeting in 2019 of the 9th session	13 August 2019	Resolution on the issuance of asset-backed special program (similar to REITs) financing by CIMC Skyspace Real Estate
The 5th meeting in 2019 of the 9th session	27 August 2019	<ol style="list-style-type: none"> 1. Written confirmation on the interim report of 2019 2. Resolutions of the 5th meeting in 2019 of the 9th session of Board 3. Proposal on updates of the adjustment to the provision of guarantees for financial institution facilities granted to and projects of the subsidiaries of the Company in 2019 4. Proposal on updates of the provision of credit guarantees by CIMC Vehicles (Group) Co., Ltd. and its holding subsidiaries to their distributors and customers in 2019 5. Resolution on updates of the provision of buyer's credit by CIMC Enric Holdings Limited and its holding subsidiaries to their customers in 2019 6. Resolution on the management of steel futures hedging transactions of CIMC in 2019 7. Resolution on the establishment of CIMC Offshore Engineering Asset Investments Co., Ltd. (中集海工資產投資有限公司) and the capital increase to CIMC Financial Leasing Co., Ltd. 8. Resolution on the establishment of CIMC Capital Holdings Limited 9. Resolution on the amendments to the Implementation of and Administrative Measures on the Profit Sharing Program of CIMC

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Session of meeting of the Board	Date	Resolutions of the Board considered
The 6th meeting in 2019 of the 9th session	29 September 2019	Resolution on the matters in relation to Qianhai land preparation
The 7th meeting in 2019 of the 9th session	10 October 2019	Resolution on the convening of the second extraordinary general meeting in 2019
The 8th meeting in 2019 of the 9th session	24 October 2019	Resolution on registration and issuance of private placement notes (PPN) by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd.
The 9th meeting in 2019 of the 9th session	28 October 2019	Resolution on the third quarterly report of 2019
The 10th meeting in 2019 of the 9th session	30 October 2019	<ol style="list-style-type: none"> 1. Resolution on continuing connected transactions/ordinary related-party transactions with COSCO SHIPPING Development Co., Ltd. 2. Resolution on acceptance and provision of financial assistance by controlling subsidiaries of Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. from/to connected/related parties 3. Resolution on the convening of the third extraordinary general meeting in 2019
The 11th meeting in 2019 of the 9th session	22 November 2019	Resolution on the election of a director to preside over the second extraordinary general meeting in 2019
The 12th meeting in 2019 of the 9th session	13 December 2019	Resolution on the election of a director to preside over the third extraordinary general meeting in 2019

Corporate Governance Code A.1.1 requires that “The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present.” During the Reporting Period, the Company held 20 Board meetings, of which 2 meetings was held on-site. The executive Directors of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group’s major business or management affairs from time to time. Accordingly, certain relevant decisions were made by all Directors by way of written resolutions. The Directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in the future.

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(4) Responsibilities and Permissions of the Board and the Management

Responsibilities and permissions of the Board and the management are clearly defined. For details of responsibilities of the Board, please refer to the Articles of Association and the Rules of Procedures for the Board, and for the brief overview, please refer to “(1) Authorities of the Board” of “2. The Board” in this chapter of this Report. The management is responsible for the daily operation and management and accountable to the Board by timely providing adequate information to it and its special committees to ensure their informed decision-making.

(5) Chairman and President

The chairman and the president of the Company are two different positions with different duties and responsibilities. Mr. Wang Hong is the chairman of the Company and Mr. Mai Boliang is the CEO and president of the Company.

Pursuant to the Articles of Association, the primary duties and responsibilities of the chairman of the Company include: (1) chairing the general meetings and convening and chairing meetings of the Board; (2) urging and inspecting the implementation of Board resolutions; (3) signing share certificates, debentures and other quoted securities of the Company; (4) signing important documents of the Board and other documents which should be signed by the Company’s legal representative; (5) exercising the authorities and powers of a legal representative; (6) exercising special discretionary power on corporate affairs in accordance with laws and in the Company’s interests in case of emergency situations such as the occurrence of natural disasters of an exceptional scale and other force majeure events, and providing aftermath reports to the Board and general meeting; and (7) performing other duties and powers authorised by the Board.

Pursuant to the Articles of Association, the primary duties and responsibilities of the president of the Company include: (1) managing production and operation and reporting to the Board; (2) organising the implementation of Board resolutions, annual business plans and investment plans of the Company; (3) formulating plans for the establishment of internal management institutions of the Company; (4) devising the basic management system of the Company; (5) formulating specific rules and regulations of the Company; (6) advising the Board to appoint or dismiss vice presidents and the chief financial officer; (7) appointing or dismissing management staff other than those to be appointed or dismissed by the Board; (8) developing salary, benefits, rewards and punishments of employees of the Company, deciding on appointing or dismissing of employees of the Company; (9) being responsible for designing, implementing and monitoring the risk management and internal control systems of the Company; (10) being accountable to the Board for ensuring the effectiveness of the risk management and internal control systems; (11) proposing to hold extraordinary meeting of the Board; and (12) performing other duties and powers authorised by the Articles of Association or the Board.

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(6) Term of Office and Service Contracts of Directors and Supervisors

Pursuant to the Articles of Association, the Directors of the Company shall be elected at the general meeting and serve a term of office three years. Upon the expiry of their term of office, the Directors may be re-elected for another session, provided that independent non-executive Directors shall not be re-elected for more than two sessions. Directors' service contracts and Supervisors' service contracts shall be signed between the Company and relevant Directors and Supervisors upon the election of Directors and the Supervisors representing shareholders considered and approved at the general meeting and Supervisors' service contracts shall be signed between the Company and relevant Supervisors upon the election of Supervisors representing staffs considered and approved at general staff meeting. During this year, the changes of Directors and Supervisors of the Company are listed in "IV. Changes of Directors, Supervisors and Senior Management of the Company" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report.

Non-executive Director and chairman Wang Hong and executive Director Mai Boliang signed service contracts with the Company on 5 December 2012. Principal terms 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, both contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. Non-executive Director and vice chairman Liu Chong signed a service contract with the Company on 31 May 2016. Principal terms of such service contract include: (1) the service contract shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting. Upon expiry, the contracts can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. Hu Xianfu, a non-executive Director, signed a service contract with the Company on 26 September 2017. Principal terms of such service contract include: (1) the service contract shall be valid from the 2017 first extraordinary general meeting (26 September 2017) to the 2018 annual general meeting. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with respective terms stipulated therein. The service contracts can be updated according to the Articles of Association and applicable laws, rules and regulations. Non-executive Director Liu Chong and Ming Dong signed service contracts with the Company on 3 June 2019.

He Jiale and Lui Fung Mei Yee, Mabel, both being independent non-executive Directors, signed service contracts with the Company on 3 June 2019, with major terms including: (1) the service contracts shall be valid from the 2018 annual general meeting (3 June 2019) to the 2021 annual general meeting of the Company. Upon expiry, the contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. Pan Zhengqi, an independent non-executive Director, signed a service contract with the Company on 31 May 2016, with details including: (1) the service contract shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting of the Company. Upon expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with the respective terms stipulated therein.

The Company entered into service contracts with Lin Feng (the chairman of the Supervisory Committee), Lou Dongyang (Supervisor) on 3 June 2019 and Xiong Bo (Supervisor) on 4 December 2013, respectively.

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

Apart from disclosed above, no Director or Supervisor has a service contract or attempt to enter into a service contract (which is not terminable by the Company within one year without payment of compensation, save for statutory compensation) with any member of the Group.

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(7) Directors' Remuneration

Among the eight Directors of the Company, Mr. Mai Boliang was paid by the Company due to his position as both CEO and president. The Company did not pay any remuneration to any of the non-executive Directors during the Reporting Period. As considered and approved by the Board and the general meeting, each of the independent non-executive Directors was entitled to an allowance of RMB240,000 per annum. Other than that, the Company did not provide other remuneration to the independent non-executive Directors during the Reporting Period. Details of remuneration paid to the Directors by the Company during this year are listed in "VI. Remuneration of Directors, Supervisors and Senior Management" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report. In the review and determination of specific remuneration packages for the Directors, the Company's Remuneration and Appraisal Committee may consider factors such as salaries paid by comparable companies, time of commitment and responsibilities of the Directors. For details of the specific appraisal procedures and remuneration determination scheme for the Directors, please refer to "(1) Remuneration and Appraisal Committee" of "3. Special Committees of the Board" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter of this Report.

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

(8) Interests of Directors

1. Interests of Directors and Supervisors in Contracts

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

2. Competing Interests of Directors and Supervisors

Mr. Wang Hong, a non-executive Director of the Company, serves as the deputy general manager of China Merchants Group. Mr. Hu Xianfu serves as the general manager of China Merchants Industry Holdings Company Limited. Mr. Lou Dongyang, a supervisor of the Company, serves as the chief financial officer of China Merchants Industry Holdings Company Limited. China Merchants Industry Holdings Company Limited and its controlling shareholder China Merchants Group are the largest Shareholder of the Company. The offshore engineering business of China Merchants Group competes with that of the Group. For details, please refer to "3. Horizontal Competitions" of "Chapter XI Corporate Governance and Corporate Governance Report" in this Report.

Mr. Liu Chong, a non-executive Director of the Company, serves as the managing director of COSCO SHIPPING Development Co., Ltd. Mr. Lin Feng, chairman of the Supervisory Committee of the Company, serves as the chief accountant of COSCO SHIPPING Development Co., Ltd. COSCO SHIPPING Development Co., Ltd. and its controlling shareholders China COSCO Shipping Corporation Limited are the second largest Shareholder of the Company. Their container manufacturing, logistics services and financial leasing business compete with those of the Group. For details, please refer to "3. Horizontal Competitions" of "Chapter XI Corporate Governance and Corporate Governance Report" in this Report.

Save as disclosed above, none of other Directors or Supervisors, nor any entity related to such Directors/Supervisors, have or have ever had any interests in a business that competes or may compete directly or indirectly with the business of the Group.

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(9) Measures to Ensure Director's Fulfilment of Responsibilities

1. Upon assumption of duty by the Directors, the Company shall provide relevant instruction materials. Information about the Company's business and operation shall be provided on a regular basis as well. The dynamic information on relevant new laws and regulations and internal publications shall be given from time to time. Relevant continuous professional training shall be organised at the Company's cost to help Directors fully understand their responsibilities prescribed in the Hong Kong Listing Rules and other relevant laws and regulations, and comprehensively understand the operation of the Company in a timely manner. In order to ensure the fulfilment of responsibilities by independent non-executive Directors, the Company will also arrange independent non-executive Directors to conduct field visits and to develop ample communication with the senior management (including the general manager of the financial management department) and the auditors of the Company.
2. To ensure their continued development and update of knowledge and skills for better performance of their duties, the Directors attended the training provided by lawyers, auditors and the Hong Kong Stock Exchange. According to records kept by the Company, in 2019, the Directors of the Company received the following trainings:

Name	Position	Laws, regulations and rules and other reading materials
Wang Hong	Chairman and non-executive Director	Lui Fung Mei Yee, Mabel, independent non-executive Directors, attended the training for independent Directors held by Shenzhen Stock Exchange from 25 June 2019 to 28 June 2019; all Directors attended the training on H share and A share Listing Rules held by Paul Hastings and Commerce & Finance Law Offices.
Liu Chong	Vice chairman and non-executive Director	
Mai Boliang	Executive Director, CEO and president	
Hu Xianfu	Non-executive Director	
Ming Dong	Non-executive Director	
He Jiale	Independent non-executive Director	
Pan Zhengqi	Independent non-executive Director	
Lui Fung Mei Yee, Mabel	Independent non-executive Director	

3. The Company shall engage auditors, independent financial advisers, lawyers and other relevant independent professionals for independent professional advice as required when commenting on matters such as external guarantees, capital occupation and connected transactions of the Company by the Directors, in order to assist the Directors in fulfilling their responsibilities.
4. Concerning possible legal risks that the Directors, Supervisors and senior management of the Company might face during their fulfilment of responsibilities, on 5 June 2019, the Company contracted with Ping An Property & Casualty Insurance Company of China, Ltd. on "Ping An liability insurance for Directors and senior management" with a term of one year and a compensation limit of RMB300 million per year.

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3. SPECIAL COMMITTEES OF THE BOARD

Under the Board, there are Remuneration and Appraisal Committee, Nomination Committee, Audit Committee, Strategy Committee and Risk Management Committee. Their main responsibility is to support the decision-making of the Board. Directors who participate in the special committees focus on the research of certain issues based on the division of work and provide suggestions that would help improve and enhance the management of the Company.

(1) 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: (1) to study and formulate evaluation criteria for senior management, to perform evaluation and propose remuneration policies and plans; (2) to make recommendations regarding the evaluation criteria and remuneration policies for Directors; (3) to formulate share option incentive schemes pursuant to provisions of relevant laws, regulations and normative documents; (4) to be responsible for the management of share incentive schemes, including but not limited to reviews on the qualification of grantees, grant condition and condition for exercising the same; and (5) to carry out other matters authorised by the Board.

2. Members of the Remuneration and Appraisal Committee and the Attendance Rate

The Remuneration and Appraisal Committee comprises five Directors, including three independent non-executive Directors and two non-executive Directors. Current members include chairman, namely, Mr. Pan Zhengqi and members, namely, Mr. He Jiale, Ms. Lui Fung Mei Yee, Mabel, Mr. Hu Xianfu and Mr. Ming Dong.

Members of the Remuneration and Appraisal Committee	Time of attendance in person	Time of attendance by proxy
Mr. Pan Zhengqi (chairman)	5	0
Mr. Pan Chengwei (member) (Note)	3	0
Mr. He Jiale (member) (Note)	2	0
Ms. Lui Fung Mei Yee, Mabel (member) (Note)	2	0
Mr. Wong Kwai Huen, Albert (member) (Note)	3	0
Mr. Hu Xianfu (member)	5	0
Mr. Ming Dong (member) (Note)	2	0

Note: On 3 June 2019, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. Ming Dong was appointed as non-executive Director; Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

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

The Remuneration and Appraisal Committee held 5 meetings during the Reporting Period, and the proposals deliberated are as follows:

Session of meeting	Type of meeting	Resolutions considered
The 1st meeting in 2019 of the 8th session	26 March 2019	Review opinion on the 1st meeting in 2019
The 2nd meeting in 2019 of the 8th session	25 April 2019	<ol style="list-style-type: none"> 1. Review opinion on the 2018 appraisal of CEO and president Mai Boliang; 2. Review opinion on the 2018 appraisal of appointed personnel (excluding CEO and president Mai Boliang) by the Board of Directors
The 3rd meeting in 2019 of the 8th session	31 May 2019	<ol style="list-style-type: none"> 1. Opinion on the 2018 performance bonus and distribution plan of profit-sharing for personnel appointed by the Board; 2. Opinion on the 2020 fixed remuneration adjustment plan for personnel appointed by the Board
The 1st meeting in 2019 of the 9th session	26 August 2019	Opinion on the amendment of Implementation and Management Measure of CIMC's profit-sharing plan
The 2nd meeting in 2019 of the 9th session	27 December 2019	Review opinion on awards to some senior management

4. Decision Procedures for Remuneration

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

According to the Implementation Rules of the Remuneration and Appraisal Committee, the remuneration plan of the Company's Directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for discussion and consent, and then submitted to the general meeting for consideration and approval before implementation; the remuneration distribution plan for senior management shall be submitted to the Board for examination and approval before implementation. Model (ii) of Rule B.1.2(c) in Appendix 14 of the Hong Kong Listing Rules is adopted for the procedures that determine the remuneration.

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(2) Nomination Committee

1. Duties and Responsibilities of the Nomination Committee

The main duties and responsibilities of the Nomination Committee are: (1) to review the structure, size and composition of the Board annually on a regular basis (including the aspects of skills, knowledge and experience) and make recommendations on any proposed changes to the Board to keep in line with the Company's strategy, in order to reflect the current regulatory requirement and sound corporate governance practice; (2) to recruit the Board members, assess and evaluate the best composition of the Board members in accordance with the Company's formulated strategies and objectives, to identify individuals qualified to become Board members and select and make recommendations to the Board on the selection of individuals nominated for directorships; and to assess the independence of independent non-executive directors; (3) to stipulate the objectives of nomination policy, to make recommendations to the Board on relevant matters relating to the selection, appointment or reappointment of Directors, and succession plan for Directors (especially the chairman of the Board and president) and formulate transparent and fair policy; (4) to evaluate the Directors' work and make suggestions or recommendations on the replacement of Directors based on the evaluation results (if applicable); (5) 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; on top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board, views and perspectives, independence and requirements on diversity of the Board members will be taken into account when the final decision is made; (6) to review, where appropriate, the Company's policy on diversity of Board members as well as the measurable goals and progress of policy implementation to ensure its efficiency; and (7) to perform other duties authorised by the Board.

2. Members of the Nomination Committee and the Attendance Rate

The Nomination Committee comprises three Directors, including two independent non-executive Directors and one non-executive Director. Current members include chairman, namely, Ms. Lui Fung Mei Yee, Mabel and members, namely, Mr. Wang Hong and Mr. He Jiale.

Member of the Nomination Committee	Time of attendance in person	Time of attendance by proxy
Ms. Lui Fung Mei Yee, Mabel (chairman) (Note)	0	0
Mr. Wong Kwai Huen, Albert (chairman) (Note)	2	0
Mr. Wang Hong (member)	2	0
Mr. He Jiale (member) (Note)	0	0
Mr. Pan Chengwei (member) (Note)	2	0

Note: On 3 June 2019, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

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3. Work of the Nomination Committee during the Reporting Period

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

Session of meeting	Date	Resolutions considered
The 1st meeting in 2019 of the 8th session	27 March 2019	Opinion on the 1st meeting in 2019
The 2nd meeting in 2019 of the 8th session	17 May 2019	Resolution on the re-election of independent non-executive Director of the ninth session of the Board of Directors

4. Policy of Diversity of the Board Members

The Implementation Rules for the Nomination Committee of the Company clarified the policy of diversity of the Board members, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, such measurable criteria include but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made. The Company has been making continuous efforts to improve the proportion of females in the Board. During the Reporting Period, the Company appointed Ms. Lui Fung Mei Yee, Mabel, an independent non-executive Director, to achieve the increase of the number of females in the Board. The Board considers that the Company's existing practices are in line with the requirements of the Hong Kong Listing Rules on diversity of the Board members.

5. Procedures and Criteria of Nomination of Directors

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

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Pursuant to the Articles of Association, election and replacement of Directors shall be proposed to a 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 raise proposals. The Office of the Secretary to the Board is responsible for preparing relevant procedural documents, including but not limited to recommendation letters, resumes of candidates, tables of basic information and letters of resignation, which shall be submitted to the Board for consideration, and then to the 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 general meeting to the Shareholders in writing 45 days in advance and send a circular to the Shareholders. Pursuant to 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 general meeting.

(3) Audit Committee

1. Duties and Responsibilities of the Audit Committee

The main duties and responsibilities of the Audit Committee include: to handle the relationship with the external auditing body of the Company, to review the financial information of the Company and to monitor the Company's financial reporting system and internal control procedures.

2. Members of the Audit Committee and the Attendance Rate

The Audit Committee comprises three independent non-executive Directors. Current members include, chairman, Mr. He Jiale and members, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel.

Member of the Audit Committee	Time of attendance in person	Time of attendance by proxy
Mr. He Jiale (chairman) (Note)	5	0
Mr. Pan Chengwei (chairman) (Note)	4	0
Mr. Pan Zhengqi (member)	9	0
Ms. Lui Fung Mei Yee, Mabel (member) (Note)	5	0
Mr. Wong Kwai Huen, Albert (member) (Note)	4	0

Note: On 3 June 2019, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

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3. Work of the Audit Committee during the Reporting Period

During the Reporting Period, the Audit Committee held 9 meetings, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2019 of the 8th session	8 March 2019	Nil
The 2nd meeting in 2019 of the 8th session	26 March 2019	Opinion on matters concerning the 2nd meeting in 2019
The 3rd meeting in 2019 of the 8th session	12 April 2019	Opinion on auditing the Equity Transfer of Tianjin Port CIMC Zhenhua Logistics Co., Ltd.
The 4th meeting in 2019 of the 8th session	28 April 2019	Opinion on auditing the first quarterly report of 2019
The 1st meeting in 2019 of the 9th session	31 July 2019	Review opinion on Cooperative development of the Prince Bay Project by CIMC Skyspace Real Estate and Shenzhen Country Garden
The 2nd meeting in 2019 of the 9th session	27 August 2019	<ol style="list-style-type: none"> 1. Opinions on the Resolution on the Interim Report of 2019 2. Opinions on the Proposal on the Management of CIMC's Steel Futures Hedging Transactions in 2019
The 3rd meeting in 2019 of the 9th session	28 October 2019	Opinion on auditing the third quarterly report of 2019
The 4th meeting in 2019 of the 9th session	30 October 2019	Review opinion on matters concerning the 4th meeting in 2019
The 5th meeting in 2019 of the 9th session	16 December 2019	Minutes of the 5th meeting in 2019

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(4) Strategy Committee

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

Members of Strategy Committee comprise two non-executive Directors and one executive Director. Current members are: chairman of the committee, Mr. Wang Hong, and members, Mr. Liu Chong and Mr. Mai Boliang.

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

(5) Corporate Governance Functions

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

1. To formulate and review the Company's corporate governance policies and practices, and make recommendations to the Board;
2. To review and monitor the training and continuous professional development of the Directors and senior management;
3. To review and monitor the policies and practices in terms of the Company's compliance with laws and regulations;
4. To formulate, review and monitor the code of conduct for employees and Directors; and
5. To review the Company's compliance with the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report.

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(6) Risk Management Committee

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

1. Duties and Responsibilities of the Risk Management Committee

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

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2. Members of the Risk Management Committee and the Attendance Rate

During the Reporting Period, the Risk Management Committee comprised five Directors. Current members include: chairman, Mr. Hu Xianfu, and members, Mr. Ming Dong, Mr. He Jiale, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel.

Member of the Risk Management Committee	Time of attendance in person	Time of attendance by proxy
Mr. Hu Xianfu (chairman)	3	0
Mr. Ming Dong (member) (Note)	2	0
Mr. He Jiale (member) (Note)	2	0
Mr. Pan Chengwei (member) (Note)	1	0
Mr. Pan Zhengqi (member)	3	0
Ms. Lui Fung Mei Yee, Mabel (member) (Note)	2	0
Mr. Wong Kwai Huen, Albert (member) (Note)	1	0

Note: On 3 June 2019, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. Ming Dong was appointed as non-executive Director; Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

3. Work of the Risk Management Committee during the Reporting Period

During the Reporting Period, the Risk Management Committee held 3 meetings.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2019 of the 8th session	26 March 2019	Opinion on matters concerning the 1st meeting in 2019
The 1st meeting in 2019 of the 9th session	27 August 2019	Nil
The 2nd meeting in 2019 of the 9th session	16 December 2019	Nil

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4. SHAREHOLDERS AND GENERAL MEETINGS

1. Shareholders' Rights

To ensure that all Shareholders of the Company enjoy equal rights and exercise their rights effectively, the Company convenes the general meetings every year pursuant to the Articles of Association. On 15 January 2019, the Resolution Regarding the Amendment to the Rules of Procedures for the General Meeting of China International Marine Containers (Group) Co., Ltd. was considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders' class meeting for 2019 and the first H Shareholders' class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The Company has always kept good communication with the Shareholders by reporting the performance and operations of the Group to the 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 the Shareholders to express their views or to exercise their rights. The materials on the website are regularly updated to keep the Shareholders and the public posted on the recent developments of the Company in a timely manner.

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

During the Reporting Period, the Company held a total of 8 general meetings, including: 4 general meetings, 2 A Shareholders' class meetings and 2 H Shareholders' class meetings.

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2. Attendance of the Directors at the General Meetings

Position	Name	General meeting attended	8 general meetings convened in this year	
			Time of attendance	Attendance rate(%)
Chairman, non-executive Director	Wang Hong	Annual general meeting for 2018 The second A/H shareholders' class meeting for 2019	3	37.5
Vice chairman, non-executive Director	Wang Yuhang (Note)	–	0	0
Vice chairman, non-executive Director	Liu Chong	–	0	0
Executive Director, CEO and president	Mai Boliang	Annual general meeting for 2018 The second A/H shareholders' class meeting for 2019	3	37.5
Non-executive Director	Hu Xianfu	–	0	0
Non-executive Director	Ming Dong (Note)	–	0	0
Independent non-executive Director	He Jiale (Note)	The second extraordinary general meeting for 2019	2	25
Independent non-executive Director	Pan Zhengqi	The third extraordinary general meeting for 2019 The first extraordinary general meeting for 2019 The first A/H shareholders' class meeting for 2019 Annual general meeting for 2018 The second A/H shareholders' class meeting for 2019 The second extraordinary general meeting for 2019 The third extraordinary general meeting for 2019	8	100
Independent non-executive Director	Lui Fung Mei Yee, Mabel (Note)	The third extraordinary general meeting for 2019	1	12.5
Independent non-executive Director	Pan Chengwei (Note)	The first extraordinary general meeting for 2019 The first A/H shareholders' class meeting for 2019	3	37.5
Independent non-executive Director	Wong Kwai Huen, Albert (Note)	The first extraordinary general meeting for 2019 The first A/H shareholders' class meeting for 2019 Annual general meeting for 2018 The second A/H shareholders' class meeting for 2019	6	75

Details on resolutions passed at the above general meetings have been set out in the relevant announcements published on the website of the Shenzhen Stock Exchange, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website.

Note: On 3 June 2019, Mr. Wang Yuhang, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert left office due to the expiration of the term. In the corresponding period, Mr. Ming Dong was appointed as non-executive Director; Mr. He Jiale and Ms. Lui Fung Mei Yee, Mabel were appointed as independent non-executive Directors.

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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 authorised by the annual general meeting according to the relevant laws and regulations of the respective jurisdictions where the Company's shares are listed and the provisions as set out in the Articles of Association.

4. Procedures for Requisition to Convene a General Meeting and Proposals by Shareholders

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

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

The Company values feedbacks from its Shareholders, investors and the public. Shareholders may submit their inquiries and questions to the Board in writing via the Company Secretary. Shareholders may make inquiries and recommendations by contacting the Company. For the contact information, please refer to the "Chapter I Corporate Profile" in this Report.

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5. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is accountable to the 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 general meeting. In line with the spirit of accountability to all Shareholders, the Supervisory Committee monitored the financial affairs and internal control of the Company and the performance of duties and responsibilities by the Directors, presidents and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations. For details of the work of the Supervisory Committee during the Reporting Period, please refer to “Chapter VII Report of the Supervisory Committee” in this Report.

On 3 June 2019, as approved by the 2018 annual general meeting of the Company, Mr. Wang Hongyuan ceased to serve as a supervisor of the Company due to the expiry of his tenure, and Mr. Lin Feng and Mr. Lou Dongyang were appointed as supervisors representing Shareholders of the 9th session of the Supervisory Committee and Mr. Xiong Bo was appointed as a supervisor representing employees of for the 9th session of the Supervisory Committee of the Company. On 15 January 2019, the Resolution Regarding the Amendment to the Rules of Procedures for the Supervisory Committee of China International Marine Containers (Group) Co., Ltd. was considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders’ class meeting for 2019 and the first H Shareholders’ class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

6. ACCOUNTABILITY, AUDIT AND CONTINUING OPERATIONS

Directors confirm that they have the responsibility to prepare the financial statements for each financial year to truly and fairly report the Group’s performance and accounts regarding its results and cash flows within relevant period. The Directors audited the financial statements for the year ended 31 December 2019 prepared by the Company with the support from the finance department of the Company, and ensured that the relevant accounting practices and policies are observed and CASBE are complied with in the compilation of the financial statements in order to report the financial position of the Company in a true and fair manner. After due enquiry, the Board considers that the Group has adequate resources to continue operations for the foreseeable future, so it is suitable to adopt an on-going concern basis for the preparation of the financial statements. The Directors were not aware or discover any major uncertain events or situations that may have a material impact on the sustainable operation capability of the Company.

For details of the Auditors’ reporting responsibilities and the statements of their feedbacks to the financial statements of the Company for the year ended 31 December 2019, please refer to “Chapter XIII Auditor’s Report” of this Report.

7. REMUNERATION OF THE AUDITORS

The Company has not changed its auditors within the past five years. For information relating to the remuneration received by the auditors for their services to the Company during the Reporting Period, please refer to “IX. Engagement and Disengagement of Firms of Accountants” of “Chapter VIII Significant Events” in this Report.

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8. 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 set out in “I. Brief Biography of the Directors, Supervisors and Senior Management of the Company” of “Chapter X Information on Directors, Supervisors, Senior Management and Employees” of this Report. In 2019, Mr. Yu received trainings of more than 15 hours to advance his professional skills and knowledge.

9. INVESTOR RELATIONS

For the number of Shareholders and nature of shares of the Company as at the end of 2019, please refer to “1. Number of Shareholders and Shareholdings of the Company” of “III. Shareholders and De Facto Controller” under “Chapter IX Changes in Share Capital and Information on Shareholders” of this Report.

In 2019, 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. Regarding the Company’s reception of investors in 2019, please refer to “X. Reception of Research, Communications and Interviews” under “Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” of this Report. In the coming year, the Company will further improve its communication with the investors and endeavour to enhance the investors’ understanding to the Company. Meanwhile, it is expected that more support and attention from the investors can be earned.

In 2019, the amendments to the Articles of the Association of the Company was set out in “1. Situation of Corporate Governance” under “Chapter XI Corporate Governance and Corporate Governance Report”.

10. RISK MANAGEMENT AND INTERNAL CONTROL

(1) The Risk Management and Internal Control System

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

CHAPTER XI

CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The Board of the Company attaches great importance to the construction of the risk management and internal control system of the Company. The Board optimises the risk management strategy of the Company according to the strategic planning, formulates the work policy for risk management for the year, and circulates these strategies and policies to each business department for implementation. The Audit Committee of the Board is responsible for monitoring the design, implementation and supervision of the risk management and internal control system of the Company and reports to the Board in this regard. The Board has established the Risk Management Committee, which is responsible for guiding the design, implementation and monitoring of the Company's risk management and internal control systems and reporting to the Board. The management is responsible for the design, implementation and supervision of the risk management and internal control systems, and for the identification and special governance of major risks of the Company. Under the authorisation of the management, the audit and supervision department of the Company is responsible for coordinating the construction, implementation and supervision of the risk management and internal control system of the Company.

During the reporting period, the Company's risk control work revolved around the positioning of "service strategy, facilitating operations, and becoming a company's value creator", taking multiple measures simultaneously, taking major risk governance as the main line, and stepping up the construction of a comprehensive risk system.

In 2019, the Company focused on major risks and cooperated with the business sector to complete two major risk special governance projects, proposed operational and systematic solutions; and launched the "Quarterly Audit Summary Special" to promote the promotion and implementation of the external risk control situation and the self-inspection found in the internal audit, has initially established a "horizontal-to-edge, vertical-to-bottom" promotion and implementation and self-inspection mechanism; promoted the organization of "directors, supervisors, high-risk control performance examinations" at all levels, and promoted the risk control awareness of core officials. The Company focused on weak areas of risk control, strengthened the R&D of risk control tools, issued a series of risk control guidelines for engineering/procurement/sales, and promoted front-line risk control training and certification.

In addition, in order to establish a risk panorama, implement risk early warning, launch risk control highlights and risk horizontal mechanisms, and leverage independent management of risk control at all levels of the organization, the Company systematically organized a 4-level risk database structure, and developed and launched a mobile terminal, PC-side risk control information platform.

(2) Identification, Assessment and Response Procedures for Major Risks

The Company attaches great importance to the identification and evaluation of major risks, through benchmarking regulatory requirements, collecting and sorting out various internal and external risk loss events, introducing authoritative agencies to issue risk rankings, and combining research and judgment of market and economic situation and other information identified major risks that the Company may currently be faced, updated the risk loss event database and risk database to promote the development of major risk assessments.

The risk control management department, together with external experts, has drawn up a risk assessment questionnaire according to the updated risk database and risk evaluation criteria. The questionnaire was distributed to the management of the Company at home and abroad for appraisal to form a preliminary risk ranking. After the communication with key management of the Company, the Company finally determined the risk ranking. The Company conducted further research and interview on the top five risks in the confirmed risk ranking, in order to analyze the causes of the risks, formulate overall response measures and prepare an annual risk assessment report. The report will be submitted to the Board for approval.

CHAPTER XI CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

For identified major risks, the responsible business department shall formulate a response plan promptly and implement the plan as approved by the management and the Board. The risk control departments of all levels shall be responsible for monitoring the execution of the response plan and report the execution to the management periodically.

(3) Procedures for Reviewing the Effectiveness of Risk Management and Internal Control System

The Company has carried out reviews on the effectiveness of risk management and internal control system. The review procedures include annual self-assessment on internal control, compliance check, internal audit and supervision, etc., and continuously promote the rectification of internal control defects. During the Reporting Period, 57 internal audit and internal control projects were implemented. Through the reviews on the system, the Company has continuously improved the risk management and internal control system.

(4) The Board's Statement on the Effectiveness of the Risk Management and Internal Control System

The Board acknowledges that it is responsible for the effectiveness of the risk management and internal control system. The Board considers that the risk management and internal control system of the Company is effective and that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective financial statement internal controls in all material aspects.

Meanwhile, the Board acknowledges that the risk management and internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

(5) Procedures and Internal Control Measures for Handling and Disclosing Inside Information

In respect of inside information disclosure procedures and internal control, the Company has promulgated the Information Disclosure Management System 《信息披露管理制度》 and the Insider Registration and Management System 《關於內幕信息知情人登記管理制度》, set up a supervision regime, specified the scope of inside information and developed the insider registration and archival-filing system. Please refer to "1. Situation of Corporate Governance" of "Part I: Corporate Governance Work Report (Prepared in Accordance with the PRC Securities Regulatory Requirements)" in this chapter hereof for details.

11. OTHERS

Information on Corporate Governance can be accessed on the Company's website at www.cimc.com. You may access such information by following these steps:

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

CHAPTER XII

CORPORATE BONDS

Whether the Company has publicly issued corporate bonds that are listed on stock exchanges, undue as at the date approving the issue of the annual report or falling due but not fully repaid.

Yes No

I. BASIC INFORMATION OF CORPORATE BONDS

Name of Bonds	Abbreviation of Bonds	Code of Bonds	Date of issuance	Maturity date	Balance of bonds (RMB10 thousand)	Interest rate	Method to repay principal and pay interest
China International Marine Containers (Group) Co., Ltd. on 2018 public offering of renewable corporate bonds (tranche 1) for qualified investors	18 Haiji Y1 (18海集Y1)	112808.SZ	3 December 2018	No fixed maturity date	200,000	4.85%	The interest of the Bonds is paid in installments annually if the Issuer does not exercise the right of deferred payment of interest. The interest of the Bonds shall be accrued as simple interest annually instead of compound interest.
China International Marine Containers (Group) Co., Ltd. on 2019 public offering of corporate bonds (tranche 1) for qualified investors	19 Haiji 01 (19海集01)	112979.SZ	15 October 2019	15 October 2022	200,000	3.63%	The interest of the Bonds shall be paid annually without compound interest and the principal and interest shall be repaid on maturity.
Trading places for the listing or transfer of corporate bonds	Shenzhen Stock Exchange						
Arrangement to ensure the suitability of investors	Offered to the qualified investors by means of the public issue						
Interest payment of corporate bonds during the Reporting Period	The interest of the renewable corporate bonds, "18 Haiji Y1" was repaid on time during the Reporting Period. The first interest payment date of corporate bonds, "19 Haiji 01", will be 15 October 2020. No principle and interest needed to be repaid during the Reporting Period.						
Performance of relevant articles during the Reporting Period, if special articles such as issuer or investor option articles and interchangeable articles for corporate bonds (if applicable)	During the Reporting Period, the renewable corporate bonds, "18 Haiji Y1" has not been required to implement the relevant special articles, and still included into equity. PricewaterhouseCoopers Zhong Tian LLP has audited the financial statements for 2019 of the Company and issued an audit report of unqualified opinion, which considered that "18 Haiji Y1" has meet the conditions to be classified as equity instrument and can be used for settlement as equity instrument. There are no special articles in respect of the corporate bonds, "19 Haiji 01"						

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CORPORATE BONDS

II. INFORMATION ABOUT BOND TRUSTEE AND CREDIT RATING AGENCY

The trustee of the bonds:

Name	CITIC Securities Co., Ltd.	Business address	CITIC Securities Tower, No.8 Zhongxin 3rd Road, Futian District, Shenzhen, Guangdong Province	Contact	Song Yuxi	Tel of contact	0755-23835224
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Credit rating agency for tracking rating of the corporate bonds during the Reporting Period:

Name	China Cheng Xin Securities Credit Rating Co., Ltd.	Business address	24th floor, Anji Mansion, No. 760, Xizangnanlu, Huangpu District, Shanghai
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Reason of change, procedures to be conducted and impacts on benefits of investors, etc. (if applicable) in case the bond trustee and credit rating agency hired by the Company during the Reporting Period have changed	Not Applicable
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III. USE OF PROCEEDS FROM BOND OFFERING

Use of proceeds from and procedures to be fulfilled in bond offering	The renewable corporate bonds, "18 Haiji Y1" and the corporate bond, "19 Haiji 01" have been withdrawn and utilized in accordance with the relevant requirements and procedures of the Company for the purpose as stipulated by the prospectus.
Year-end balance (RMB10 thousand)	The balance of the renewable corporate bonds, "18 Haiji Y1" and the corporate bond, "19 Haiji 01" for the end of the year is RMB0.00.
Operation of special account for the funds raised	The special account for the funds raised of the renewable corporate bonds, "18 Haiji Y1" and the corporate bond, "19 Haiji 01" are under orderly and normally operation.
Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus	The use of proceeds of the renewable corporate bonds, "18 Haiji Y1" and the corporate bond, "19 Haiji 01" is consistent with the commitments, the planned use and other agreements in the prospectus.

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IV. CORPORATE BOND RATING

On 20 May 2019, China Chengxin Securities Ratings Co., Ltd. issued “Credit Rating Report on 2018 public offering of renewable corporate bonds (tranche 1) of China International Marine Containers (Group) Co., Ltd. for qualified investors (2019)” 《中國國際海運集裝箱(集團)股份有限公司2018年面向合資格投資者公開發行可續期公司債券(第一期)信用評級報告(2019)》, and the main credit rating of the Company is AAA with the rating prospect of “Stable”. The result has no difference with the last rating result. The debt financing instruments issued by the Company in the interbank bond market were all ranked AAA with no difference existed.

On 26 September 2019, China Chengxin Securities Ratings Co., Ltd. issued “Credit Rating Report on 2019 public offering of corporate bonds (tranche 1) of China International Marine Containers (Group) Co., Ltd. for qualified investors” 《中國國際海運集裝箱(集團)股份有限公司2019年面向合資格投資者公開發行公司債券(第一期)信用評級報告》, and the main credit rating of the Company is AAA with the rating prospect of “Stable”.

The rating reports on the Company issued by China Chengxin Securities Ratings Co., Ltd. were published on the website of Shenzhen Stock Exchange (<http://www.szse.cn/>) and the website of China Chengxin Securities Rating Co., Ltd. (www.ccxr.com.cn).

V. CORPORATE BOND CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEDULE AND OTHER DEBT REPAYMENT SAFEGUARD MEASURES

There is no change in credit enhancement mechanism, debt repayment schedule and other debt repayment safeguard measures of the renewable corporate bonds, “18 Haiji Y1” and the corporate bonds, “19 Haiji 01”.

During the Reporting Period, The Company strictly implemented debt repayment schedule and debt repayment safeguard measures of the renewable corporate bonds, “18 Haiji Y1” and the corporate bonds, “19 Haiji 01”, as disclosed, which are in line with the relevant undertakings provided in the prospectus.

CHAPTER XII CORPORATE BONDS

VI. CONVENING OF MEETINGS OF BONDHOLDERS DURING THE REPORTING PERIOD

During the Reporting Period, no bondholder meeting was held by the Company.

VII. PERFORMANCE OF BOND TRUSTEE DURING THE REPORTING PERIOD

The bond trustee of the Company is China Merchants Securities Co., Ltd. During the Reporting Period, China Merchants Securities Co., Ltd. strictly performed the relevant obligations as the trustee of bonds according to the agreements in the "Bond Trustee Agreement", including but not limited to continuously overseeing the credit situation and the utilization and management of the funds raised in the special account designated by the Company.

On 27 June 2019, the Company disclosed the "Trustee Management Report on 2018 Public Offering of Corporate Bonds of China International Marine Containers (Group) Co., Ltd. for Qualified Investors Issued by China Merchants Securities Co., Ltd. (2018)" on the Cninfo website, including bonds issuance, the operation and finance of issuers for 2018, the utilization of funds raised by issuers and bonds tracking rating.

On 11 June 2019, the Company disclosed the "Provisional Trustee Management Report on Change to the Directors of China International Marine Containers (Group) Co., Ltd. Issued by China Merchants Securities Co., Ltd." on the Cninfo website and the change to the Directors of the Company.

On 3 January 2020, the Company disclosed "Provisional Trustee Management Report on Corporate Bonds of China International Marine Containers (Group) Co., Ltd. Issued by China Merchants Securities Co., Ltd." on the Cninfo website and the provision for assets impairment. It also disclosed the signing of land transfer contract between the wholly-owned subsidiaries of CIMC and the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen (深圳市前海深港現代服務業合作區管理局).

Report on the Trusteeship for the Year 2019 will be published on the Cninfo website (www.cninfo.com.cn) by 30 June 2020 to remind investors for concern.

As for the potential conflict of interests, China Merchants Securities Co., Ltd. has established comprehensive internal information barriers and firewalls in accordance with the regulatory requirements with a view to guarantee that: (i) the employees of the bond trustee who assume the duties under the "Bond Trustee Agreement" will not be affected by the conflicts of interest; (ii) the confidential information held by the employees of the bond trustee who assume the duties under the "Bond Trustee Agreement" will not be disclosed to any other persons that are irrelevant to the "Bond Trustee Agreement"; (iii) the relevant confidential information will not be used by the bond trustee for any other purpose other than the "Bond Trustee Agreement"; (iv) the inappropriate flow of sensitive information in relation to the "Bond Trustee Agreement" will be avoided and that effective management will be in place for potential conflicts of interest.

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CORPORATE BONDS

VIII. MAJOR ACCOUNTING DATA AND FINANCIAL INDEXES OF THE COMPANY FOR THE RECENT TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Unit: RMB thousand

Items	2019	2018	Percentage of change
EBITDA	10,026,910	10,868,152	(7.74%)
Current ratio	1.28	1.11	15.32%
Gearing ratio	68%	67%	1.00%
Quick ratio	0.69	0.74	(6.76%)
Debt-to-EBITDA ratio	0.15	0.17	(11.76%)
Interest coverage ratio	2.60	3.31	(21.45%)
Cash interest coverage ratio	2.77	1.65	67.88%
EBITDA interest coverage ratio	3.59	4.18	(14.11%)
Loan repayment ratio	100%	100%	–
Interest repayment ratio	100%	100%	–

The reasons that the abovementioned percentage of change in accounting data and financial indexes as compared with the same period of last year is more than 30%

Applicable Not Applicable

The main reason for the change in cash interest coverage ratio over 30% was the increase of net cash flow from operating activities as compared with the last period.

IX. REDEMPTION OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS DURING THE REPORTING PERIOD

Other than corporate bonds, the Company has other debt financing instruments, such as Super & Short-term Commercial Papers and Medium Term Notes. All debt financing instruments pay the principal and interest on schedule without overdue default.

The Company's other outstanding and unexpired bonds and debt financing instruments as at 31 December 2019 are as follow:

Unit: Year, RMB100 million, %

Bond name	Value date	Maturity date	Offering period	Offering size	Current balance	Current coupon rate
19 Haiji 01	15 October 2019	15 October 2022	3	20	20	3.63
19 Hai Yun Ji Zhuang MTN002	10 October 2019	10 October 2022	3	20	20	3.64
19 Hai Yun Ji Zhuang MTN001	15 April 2019	15 April 2022	3	20	20	4.05
18 Haiji Y1	5 December 2018	5 December 2021	3+N	20	20	4.85
18 Hai Yun Ji Zhuang MTN002	26 October 2018	26 October 2021	3+N	20	20	5.17
18 Hai Yun Ji Zhuang MTN001	17 October 2018	17 October 2021	3	20	20	4.29

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X. BANK CREDIT, USE OF BANKING FACILITIES AND REPAYMENT OF BANK LOANS DURING THE REPORTING PERIOD

As at 31 December 2019, the Company accumulatively obtained total bank facility of RMB177.201 billion, out of which RMB70.287 billion was utilized, and the balance of facility amounted to RMB106.914 billion. During the Reporting Period, the Company has repaid all bank loans on time without extension and reduction.

XI. PERFORMANCE OF RELEVANT AGREEMENT OR COMMITMENT OF THE CORPORATE BOND DURING THE REPORTING PERIOD

During the Reporting Period, the Company has performed the relevant agreements and commitment as stipulated in the prospectus of "18 Haiji Y1" and "19 Haiji 01".

XII. MAJOR ISSUES OCCURRED DURING THE REPORTING PERIOD

During the Reporting Period, the change in the number of the Directors of the Company exceeded one third of the number of the Directors. Please refer to the "Announcement on Resolution of the First Meeting of the Ninth Session of the Board in 2019 of China International Marine Containers (Group) Co., Ltd.《中國國際海運集裝箱(集團)股份有限公司關於第九屆董事會2019年度第一次會議決議的公告》" published on the Cninfo website (www.cninfo.com.cn) as at 4 June 2019 for details.

During the Reporting Period, the Company was expected to make provision of assets impairment of RMB4 billion to RMB5.5 billion, which expects to exceed 10% of the net assets as at the end of the previous year. Please refer to the "Announcement regarding risk warning for assets impairment of the China International Marine Containers (Group) Co., Ltd.《中國國際海運集裝箱(集團)股份有限公司關於公司資產減值風險提示的公告》" published on the Cninfo website (www.cninfo.com.cn) as at 31 December 2019 for details.

During the Reporting Period, the wholly-owned subsidiary of the Company entered into a land transfer contract with the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen in respect of nine parcels of land in Shenzhen Qianhai, which expects to result in the increase of the Group's net profit after tax of approximately RMB6.69 billion. Please refer to the "Announcement on entering into the Qianhai land use right granting contracts by the wholly-owned subsidiary of the China International Marine Containers (Group) Co., Ltd.《中國國際海運集裝箱(集團)股份有限公司關於全資子公司簽署前海土地使用權出讓合同的公告》" published on the Cninfo website (www.cninfo.com.cn) as at 31 December 2019 for details.

XIII. GUARANTOR FOR THE CORPORATE BOND

Yes No

The guarantor of the Company is legal person or other organization

Yes No Not Applicable

Whether guarantor's financial statement for the Reporting Period, including balance sheet, statement of profits, statement of cash flows, statement of changes in owners' equity and notes to the financial statement shall be disclosed within four months commencing from the closing date of each financial year

Yes No Not Applicable

Chapter XIII

AUDITOR'S REPORT



普华永道

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To the Shareholders of China International Marine Containers (Group) Co., Ltd.

OPINION

What we have audited

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. (hereinafter "CIMC", "the Group"), which comprise:

- the consolidated and company balance sheets as at 31 December 2019;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CIMC as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASS").

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of CIMC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

1. Impairment of relevant assets in the offshore engineering asset group
2. Impairment of accounts receivables and long-term receivables
3. Impairment of goodwill

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AUDITOR'S REPORT

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KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Impairment of relevant assets in the offshore engineering asset group</p> <p>Refer to Note II.11 – Accounting policy of inventories, Note II.20 – Accounting policy of impairment of long-term assets, Note II.33(2) – Critical accounting estimates and judgements on impairment of long-term assets, Note II.33(3) – Critical accounting estimates and judgements on provision for impairment of inventories, Note IV.9 – Inventories, Note IV.20 – Fixed assets and Note IV.21 – Construction in progress to the financial statements.</p> <p>As at 31 December 2019, the carrying amount of offshore engineering project in inventories amounted to RMB1,416,322,000, the carrying amount of offshore engineering equipment in fixed assets amounted to RMB19,593,180,000, and the carrying amount of offshore engineering equipment in construction in progress amounted to RMB7,965,599,000.</p> <p>Management has engaged an independent external valuer to perform the valuation on the fair value of relevant assets, which show an indication of impairment in the offshore engineering asset group. Based on the valuation results, impairment provisions of RMB21,915,000 towards offshore engineering project in inventories, RMB3,534,124,000 towards offshore engineering equipment in fixed assets and RMB1,496,182,000 towards offshore engineering equipment in construction in progress have been recognized during the year ended 31 December 2019 in the consolidated income statement.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> – We evaluated and validated the effectiveness of internal controls regarding impairment assessment of relevant assets in offshore engineering asset group, including the adoption of key assumptions and the review and approval of impairment provision. – We evaluated the competency, professionalism and objectivity of the independent external valuer. – We performed the following procedures on net realisable value of inventories: <ul style="list-style-type: none"> (1) We compared the estimated selling price used by the management with the latest inquiry results of inventory, and examined supporting documents such as the quotation and the basis of the estimated selling price. (2) We analysed the rationality of estimated costs of completion, the estimated costs necessary to make the sale and related taxes by comparing the management's estimation against the historical data; and we also checked the accuracy of the calculation. – We obtained the impairment test worksheets provided by the management and performed the following procedures on testing the recoverable amount of fixed assets and construction in progress: <ul style="list-style-type: none"> (1) We tested the mathematical accuracy of the calculations. (2) We evaluated the valuation model used in management testing by involving our internal valuation experts.

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KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Impairment of relevant assets in offshore engineering asset group (Continued)</p> <p>Net realisable value of inventories was reviewed by the management at the balance sheet date, and as a result, provision for impairment of inventory was recognized for the excess of inventories' carrying amounts over their net realisable value. Net realisable value was the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.</p> <p>Determination of estimated selling price, estimated costs of completion, and estimated costs necessary to make the sale and related taxes requires significant judgements and consideration of historical conditions and future market trends.</p> <p>At the balance sheet date, the management assessed whether there was any indication that the fixed assets and construction in progress were impaired and further impairment test would be performed on those with impairment indicator. If the result of the impairment test indicates the recoverable amount of fixed assets or construction in progress is less than its carrying amount, the difference shall be accounted for as impairment loss and included in the impairment loss. The recoverable amount is the higher of the asset's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset.</p> <p>The management has used the present value of future cash flow method for impairment test. The key assumptions used by the management for impairment test include future rentals, utilisation rates, future cost and discount rates.</p> <p>We focused on this area due to the fact that significant judgments were involved in impairment identification and assessment process of relevant assets in offshore engineering asset group.</p>	<p>(3) We compared management's forecast of 2019 in 2018 impairment test worksheet against the actual performance in 2019 to check whether there is management bias in the impairment assessment process.</p> <p>(4) We assessed the rationality of management's prediction on the rentals, utilisation rates and maintenance cost based on the rentals, utilisation rates, maintenance cost, and the peak and lowest levels of historical rental of platforms in the current open market and of the Group's similar platforms.</p> <p>(5) We checked the construction contracts to assess the rationality of future capital cost for construction in progress.</p> <p>(6) We evaluated the discount rates by involving our internal valuation experts.</p> <p>(7) We performed sensitivity test on growth rates, utilisation rates and discount rates of future rentals.</p> <p>Based on our work performed, we found that management's key assumptions on impairment test of relevant assets in the offshore engineering asset group were supported by the evidence we gathered.</p>

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AUDITOR'S REPORT

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KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>2. Impairment of accounts receivables and long-term receivables</p> <p>Refer to Note II.9 – Accounting policy of financial instruments, Note II.33(1) – Critical accounting estimates and judgements on measurement of expected credit losses, Note IV.5 – Accounts receivables, Note IV.12 – Current proportion of non-current assets and Note IV.17 – Long-term receivables to the financial statements.</p> <p>As at 31 December 2019, the carrying amount of accounts receivables of the Group in the consolidated financial statements amounted to RMB18,394,971,000; the carrying amount of net long-term receivables (including those due within one year) of the Group in the consolidated financial statements amounted to RMB18,072,338,000, together representing approximately 21% of the Group's total assets. In 2019, the Group recognized provision of RMB294,410,000 and RMB186,101,000 towards accounts receivables and long-term receivables (including those due within one year) respectively, in the consolidated income statement.</p> <p>To measure the lifetime expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics. The key assumptions include historical credit losses, overdue days and both current and forecast economic conditions.</p> <p>To measure the expected credit losses of long-term receivables, the management uses models and assumptions, including the credit situation of the lessee, the historical loss rate, and the period that historical loss occurred.</p> <p>We focused on this area due to the fact that significant judgments were involved in measuring expected credit losses of accounts receivables and finance lease receivables.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> – We performed the following procedures on the impairment of accounts receivables: <ol style="list-style-type: none"> (1) We evaluated and validated the effectiveness of internal controls over the assessment of the expected credit losses of accounts receivables, including management's grouping on accounts receivables based on shared credit risk characteristics, and the review and approval of key assumptions adoption. (2) We obtained and tested the accuracy of aging analysis worksheets of accounts receivables prepared by management, by checking sales invoices on a sample basis. (3) We assessed the rationality of management's measurement of expected credit losses by examining subsequent settlements on a sample basis, taking into account of the customer's credit history, business performance and financial capability, and the industry trend and market development. – We performed the following procedures on the impairment of long-term receivables: <ol style="list-style-type: none"> (1) We evaluated and validated the effectiveness of internal controls over the assessment of the expected credit losses of long-term receivables, including management's review and approval of key assumptions adoption. (2) We obtained the expected credit losses calculation model of the management and evaluated the rationality of stage division as well as the key assumptions used in the model analysis, including similar credit risks, historical loss rates, and loss occurrence period, based on internal historical loss data of the Group and the industry condition of lessee/customer; we also evaluated the rationality of determination of macroeconomic scenario and weight allocation by comparing with industry standards. (3) We examined the management's analysis on the value of the leased property, and financial condition of the lessee/customer and the guarantor, on a sample basis. <p>Based on our work performed, we found that management's key assumptions on impairment test of accounts receivables and long-term receivables were supported by the evidence we gathered.</p>

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KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>3. Impairment of goodwill</p> <p>Refer to Note II.20 – Accounting policy of impairment of long-term assets, Note II.33(2) – Critical accounting estimates and judgements on impairment of long-term assets and Note IV.24 – Goodwill to the financial statements.</p> <p>As at 31 December 2019, the carrying amount of goodwill of the Group in the consolidated financial statements amounted to RMB2,182,326,000, among which RMB988,822,000 was allocated to the energy, chemicals and liquid food equipment asset group, RMB428,389,000 was allocated to the road transportation vehicles asset group, and RMB393,651,000 was allocated to the airport, fire and automation logistics equipment business asset group. In 2019, the Group made a provision of RMB40,343,000 towards goodwill allocated to the energy, chemicals and liquid food equipment asset group in the consolidated income statement.</p> <p>The management made the corresponding impairment provision based on the difference between recoverable amount and carrying amount of relevant asset groups or combination of asset groups those include the allocated goodwill. The key assumptions applied include future revenue growth rates, gross margins, expense rates and discount rates.</p> <p>We focused on this area due to the fact that significant and complex judgements were involved in key assumption of assessing the goodwill impairment.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> – We evaluated and validated the effectiveness of the internal controls regarding goodwill impairment test, including the adoption of key assumptions and the review and approval of impairment provision. – We obtained management's worksheets of impairment of goodwill. – We assessed whether the goodwill was allocated to the relevant asset groups or combination of asset groups in a reasonable way. – We tested the mathematical accuracy of the calculations. – We compared management's forecast of 2019 in 2018 goodwill impairment worksheets against the actual performance in 2019 to check whether there is management bias in the goodwill impairment assessment process. – We analysed the rationality of management's assumptions of future revenue growth rates, gross margins and expense rates by considering the historical operations of the relevant asset groups, the industry trends, emerging market opportunities and cost savings due to economies of scale. – We evaluated the discount rates by involving our internal valuation experts. – We performed sensitivity test on gross margins and discount rates. <p>Based on our work performed, we found that management's key assumptions in goodwill impairment test were supported by the evidence we gathered.</p>

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OTHER INFORMATION

Management of CIMC is responsible for the other information. The other information comprises all of the information included in 2019 annual report of CIMC other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

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

In preparing these financial statements, management is responsible for assessing CIMC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate CIMC or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing CIMC's financial reporting process.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CIMC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIMC to cease to continue as a going concern.
- Evaluate the overall presentation including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of CIMC audit. We remain solely responsible for our audit opinion.

We communicate with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

We also provide audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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AUDITOR'S REPORT

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Certified Public Accountant

Cao Cui Li
(Engagement Partner)

Shanghai, the People's Republic of China
26 March 2020

Certified Public Accountant

Guo Su Hong

CHAPTER XIV

Financial Statements Prepared in Accordance with CASBE

AS AT 31 DECEMBER 2019
(All amounts in RMB' 000 unless otherwise stated)
(English Translation for Reference Only)

CONSOLIDATED BALANCE SHEET

	Note	31 December 2019	31 December 2018
ASSETS			
Current assets:			
Cash at bank and on hand	IV.1	9,714,792	9,729,152
Financial assets held for trading	IV.2	415,503	193,676
Derivative financial assets	IV.3	100,980	49,055
Notes receivables	IV.4	636,619	1,423,547
Accounts receivables	IV.5	18,394,971	17,895,919
Receivables financing	IV.6	1,236,504	179,412
Advances to suppliers	IV.8	2,887,353	6,861,297
Other receivables	IV.7	7,591,488	11,276,144
Inventories	IV.9	41,302,279	27,335,324
Contract assets	IV.10	1,946,010	1,514,348
Assets held for sale	IV.11	93,102	197,874
Current portion of non-current assets	IV.12	4,294,669	4,387,886
Other current assets	IV.13	1,408,857	859,325
Total current assets		90,023,127	81,902,959
Non-current assets:			
Other debt investments	IV.14	31,272	30,581
Long-term receivables	IV.17	13,777,669	13,874,369
Long-term equity investments	IV.18	5,363,574	3,569,900
Other equity investments	IV.15	1,373,385	984,155
Other non-current financial assets	IV.16	74,445	332,081
Investment properties	IV.19	2,769,715	1,966,277
Fixed assets	IV.20	37,849,258	23,188,737
Construction in progress	IV.21	9,827,563	24,164,814
Intangible assets	IV.22	5,157,551	4,660,847
Right-of-use assets	IV.23	971,211	–
Development expenditures	IV.22	94,078	99,062
Goodwill	IV.24	2,182,326	1,954,985
Long-term prepaid expenses	IV.25	753,154	322,175
Deferred tax assets	IV.26	1,800,265	1,441,267
Other non-current assets	IV.27	58,928	391,754
Total non-current assets		82,084,394	76,981,004
TOTAL ASSETS		172,107,521	158,883,963

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AS AT 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	IV.30	17,557,197	19,898,221
Derivative financial liabilities	IV.3	352,167	342,726
Notes payables	IV.31	2,581,139	1,889,785
Accounts payables	IV.32	12,745,264	13,210,828
Advances from customers	IV.33	40,683	132,001
Contract liabilities	IV.34	9,000,821	7,252,088
Employee benefits payable	IV.35	3,441,555	3,096,818
Taxes payable	IV.36	1,851,771	2,194,085
Other payables	IV.37	11,877,217	9,336,513
Provisions	IV.38	1,482,975	1,083,274
Current portion of non-current liabilities	IV.39	9,616,415	13,676,729
Other current liabilities	IV.40	4,106	1,024,221
Total current liabilities		70,551,310	73,137,289
Non-current liabilities:			
Long-term borrowings	IV.41	30,918,302	25,769,773
Debentures payable	IV.42	8,014,049	2,019,275
Lease Liabilities	IV.43	667,964	-
Long-term payables		108,227	236,591
Deferred income	IV.44	1,096,605	1,370,465
Deferred tax liabilities	IV.26	4,330,065	1,836,128
Other non-current liabilities	IV.45	1,383,021	2,111,454
Total non-current liabilities		46,518,233	33,343,686
Total liabilities		117,069,543	106,480,975
Shareholders' equity			
Share capital	IV.46	3,584,504	2,984,989
Other equity instruments	IV.47	4,007,545	4,007,545
Including: Perpetual bonds		4,007,545	4,007,545
Capital reserve	IV.48	4,881,311	4,128,400
Other comprehensive income	IV.49	1,715,326	838,711
Surplus reserve	IV.50	3,582,343	3,282,585
Undistributed profits	IV.51	21,482,857	22,082,769
Total equity attributable to shareholders and other equity holders of the Company		39,253,886	37,324,999
Minority interests		15,784,092	15,077,989
Total shareholders' equity		55,037,978	52,402,988
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		172,107,521	158,883,963

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

Legal representative's
authorised person:
Mai Boliang

The person in charge of
accounting affairs:
Zeng Han

The head of the accounting
department:
Zeng Han

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

AS AT 31 DECEMBER 2019
(All amounts in RMB' 000 unless otherwise stated)
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BALANCE SHEET

	Note	31 December 2019	31 December 2018
ASSETS			
Current assets:			
Cash at bank and on hand	XVI.1	1,576,298	1,745,889
Derivative financial assets		4,781	4,734
Notes receivables		100	–
Other receivables	XVI.2	25,625,655	25,239,000
Other current assets		96	441
Total current assets		27,206,930	26,990,064
Non-current assets:			
Other equity investments	XVI.3	728,037	689,273
Long-term equity investments	XVI.4	12,836,563	11,471,599
Investment properties		117,347	–
Fixed assets	XVI.5	133,544	137,939
Construction in progress		43,687	93,894
Intangible assets		89,776	13,949
Long-term prepaid expenses		10,280	18,867
Deferred tax assets	XVI.12	56,075	90,569
Total non-current assets		14,015,309	12,516,090
TOTAL ASSETS		41,222,239	39,506,154

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

AS AT 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

BALANCE SHEET (CONTINUED)

Note	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	XVI.6 6,460,000	6,235,000
Derivative financial liabilities	3,379	–
Employee benefits payable	342,521	367,011
Taxes payable	XVI.7 23,792	15,513
Other payables	XVI.8 755,251	2,523,517
Current portion of non-current liabilities	XVI.9 800,000	8,886,500
Other current liabilities	IV.40 –	1,000,000
Total current liabilities	8,384,943	19,027,541
Non-current liabilities:		
Long-term borrowings	XVI.10 3,409,000	1,753,000
Debentures payable	XVI.11 8,000,000	2,000,000
Provisions	18,680	–
Deferred income	14,680	18,569
Total non-current liabilities	11,442,360	3,771,569
Total liabilities	19,827,303	22,799,110
Shareholders' equity		
Share capital	IV.46 3,584,504	2,984,989
Other equity instruments	IV.47 4,007,545	4,007,545
Including: Perpetual bonds	4,007,545	4,007,545
Capital reserve	XVI.13 2,758,230	3,337,205
Other comprehensive income	XVI.14 470,500	344,122
Surplus reserve	IV.50 3,582,343	3,282,585
Undistributed profits	XVI.15 6,991,814	2,750,598
Total equity attributable to shareholders and other equity holders	21,394,936	16,707,044
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	41,222,239	39,506,154

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

Legal representative's
authorised person:
Mai Boliang

The person in charge of
accounting affairs:
Zeng Han

The head of the accounting
department:
Zeng Han

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts in RMB' 000 unless otherwise stated)
(English Translation for Reference Only)

CONSOLIDATED INCOME STATEMENT

	Note	2019	2018
I. Revenue	IV.52	85,815,341	93,497,622
Less: Cost of sales	IV.52	73,355,605	79,586,408
Taxes and surcharges	IV.53	706,768	955,557
Selling and distribution expenses	IV.54	2,297,273	1,744,260
General and administrative expenses	IV.55	5,204,271	5,158,990
Research and development expenses	IV.56	1,437,046	993,416
Financial expenses	IV.57	1,276,165	1,158,896
Including: Interest expenses		1,634,747	1,928,060
Interest income		490,214	590,292
Asset impairment losses	IV.63	5,224,120	2,425,624
Credit losses	IV.64	521,473	304,550
Add: Other income	IV.62	893,366	386,822
Investment income/(losses)	IV.60	326,936	(82,029)
Including: Share of profit of associates and joint ventures		34,819	166,415
Fair value losses	IV.59	(156,752)	(239,620)
Gains on disposals of assets	IV.61	8,982,577	5,241,911
II. Operating profit		5,838,747	6,477,005
Add: Non-operating income	IV.65	198,534	374,891
Less: Non-operating expenses	IV.66	423,407	168,338
III. Profit before income tax		5,613,874	6,683,558
Less: Income tax expenses	IV.67	3,103,761	2,615,103
IV. Net profit		2,510,113	4,068,455
Classified by business continuity			
Net profit from continuing operations		2,510,113	4,068,455
Net profit from discontinued operations		–	–
Classified by ownership			
Owners of the Company		1,542,226	3,380,436
Non-controlling interests		967,887	688,019

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CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	2019	2018
V. Other comprehensive income, net of tax	IV.49	1,075,476	263,110
Attributable to shareholders and other equity holders of the Company		876,615	163,064
Items that will not be reclassified to profit or loss		236,677	(172,827)
Changes in value of other equity investments		236,677	(172,827)
Items that may be reclassified subsequently to profit or loss		639,938	335,891
Changes in value of other debt investments		683	1,599
Loss of cash flow hedges		(142)	(1,014)
Revaluation gain on the date of transfer from owner-occupied properties to investment properties		188,210	57,788
The share of other comprehensive income that will be reclassified into profit or loss in the equity method		-	-
Transfer of other comprehensive income from the sale of investment real estate		-	-
Currency translation differences		451,187	277,518
Minority interests		198,861	100,046
VI. Total comprehensive income		3,585,589	4,331,565
Attributable to shareholders and other equity holders of the Company		2,418,841	3,543,500
Minority interests		1,166,748	788,065
VII. Earnings per share			
Basic earnings per share (RMB)	IV.68	0.37	0.92
Diluted earnings per share (RMB)	IV.68	0.37	0.92

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

Legal representative's
authorised person:
Mai Boliang

The person in charge of
accounting affairs:
Zeng Han

The head of the accounting
department:
Zeng Han

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

INCOME STATEMENT

	Note	2019	2018
I. Revenue	XVI.16	475,277	346,019
Less: Cost of sales	XVI.16	2,129	–
Taxes and surcharges		8,055	5,507
General and administrative expenses		323,836	402,347
Research and development expenses		1,801	5,681
Financial income	XVI.17	(183,086)	(17,276)
Including: Interest expenses		902,334	698,019
Interest income		964,172	444,985
Asset impairment losses		336,550	88,086
Add: Other income		8,020	9,672
Investment Income	XVI.19	6,413,986	1,533,768
Fair value (losses)/gains		(3,332)	5,348
(Losses)/gains of disposal of assets		(250)	25,471
II. Operating profit		6,404,416	1,435,933
Add: Non-operating income		3,110	1,360
Less: Non-operating expenses	XVI.20	18,883	8,353
III. Profit before income tax		6,388,643	1,428,940
Less: Income tax expenses/(credits)	XVI.21	5,289	(17,429)
IV. Net profit		6,383,354	1,446,369
Classified by business continuity			
Net profit from continuing operations		6,383,354	1,446,369
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	XVI.14	126,378	(150,976)
Items that will not be reclassified to profit or loss		38,764	(150,976)
Changes in value of other equity investments		38,764	(150,976)
Revaluation gain on the date of transfer from owner-occupied properties to investment properties		87,614	–
VI. Total comprehensive income		6,509,732	1,295,393

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

Legal representative's
authorised person:
Mai Boliang

The person in charge of
accounting affairs:
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The head of the accounting
department:
Zeng Han

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

CONSOLIDATED CASH FLOW STATEMENT

	Note	2019	2018
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		86,290,098	90,161,165
Refund of taxes and surcharges		2,487,072	4,403,842
Cash received relating to other operating activities	IV.69(1)	1,387,982	1,674,340
Sub-total of cash inflows		90,165,152	96,239,347
Cash paid for goods and services		72,757,136	78,645,780
Cash paid to and on behalf of employees		7,817,017	8,454,783
Payments of taxes and surcharges		2,713,118	3,070,197
Cash paid relating to other operating activities	IV.69(2)	3,339,359	5,927,855
Sub-total of cash outflows		86,626,630	96,098,615
Net cash inflows from operating activities	IV.70(1)	3,538,522	140,732
II. Cash flows from investing activities			
Cash received from disposal of investments		64,432	803,499
Cash received from returns on investments		198,926	28,898
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,062,021	2,096,788
Net cash received from disposal of subsidiaries	IV.70(3)	164,896	51,081
Sub-total of cash inflows		1,490,275	2,980,266
Cash paid to acquire fixed assets intangible assets and other long-term assets		6,566,372	4,846,517
Cash paid to acquire investments		3,600,310	2,479,482
Net cash paid to acquire subsidiaries	IV.70(2)	407,750	56,197
Sub-total of cash outflows		10,574,432	7,382,196
Net cash outflows from investing activities		(9,084,157)	(4,401,930)

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Note	2019	2018
III. Cash flows from financing activities			
Cash received from capital contributions		2,738,638	659,839
Including: Cash received from capital contributions by minority shareholders of subsidiaries		2,718,098	615,343
Cash received from borrowings		75,144,266	70,916,374
Cash received from issuing bonds		6,000,000	6,013,275
Cash received relating to other financing activities	IV.69(3)	3,524,379	1,898,559
Sub-total of cash inflows		87,407,283	79,488,047
Cash repayments of borrowings		78,675,326	66,659,284
Cash payments for distribution of dividends or profits and interest expenses		4,839,082	3,492,289
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		451,922	590,643
Cash payments relating to other financing activities	IV.69(4)	279,233	40,708
Sub-total of cash outflows		83,793,641	70,192,281
Net cash inflows from financing activities		3,613,642	9,295,766
IV. Effect of foreign exchange rate changes on cash and cash equivalents		59,125	55,328
V. Net (decrease)/increase in cash and cash equivalents	IV.70(1)	(1,872,868)	5,089,896
Add: Cash and cash equivalents at the beginning of the year		10,532,753	5,442,857
VI. Cash and cash equivalents at the end of the year	IV.70(4)	8,659,885	10,532,753

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

Legal representative's
authorised person:
Mai Boliang

The person in charge of
accounting affairs:
Zeng Han

The head of the accounting
department:
Zeng Han

CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

CASH FLOW STATEMENT

	Note	2019	2018
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		330,953	378,316
Cash received relating to other operating activities		1,026,622	418,004
Sub-total of cash inflows		1,357,575	796,320
Cash paid for goods and services		2,356	–
Cash paid to and on behalf of employees		164,218	156,252
Payments of taxes and surcharges		49,599	19,181
Cash paid relating to other operating activities		2,367,594	10,226,607
Sub-total of cash outflows		2,583,767	10,402,040
Net cash outflows from operating activities	XVI.22	(1,226,192)	(9,605,720)
II. Cash flows from investing activities			
Cash received from disposal of investments		–	500,000
Cash received from returns on investments		6,548,713	702,469
Net cash received from disposal of fixed assets		219	27,474
Net Cash received from disposal of subsidiaries		49,223	272,353
Sub-total of cash inflows		6,598,155	1,502,296
Cash paid to acquire fixed assets, intangible assets and other long-term assets		42,883	46,626
Cash paid for investment		100,000	500,000
Net cash paid to acquire subsidiaries		1,656,119	518,246
Cash paid for other investment activities		–	–
Sub-total of cash outflows		1,799,002	1,064,872
Net cash inflows from investing activities		4,799,153	437,424
III. Cash flows from financing activities			
Cash received from investment		10,833	44,496
Cash received from borrowings		24,980,000	15,752,000
Cash received from issuing bonds		6,000,000	5,994,000
Sub-total of cash inflows		30,990,833	21,790,496
Cash repayments of borrowings		32,199,000	10,631,000
Cash payments for distribution of dividends or profits and interest expenses		2,602,484	1,578,575
Cash payments relating to other financing activities		30,889	27,391
Sub-total of cash outflows		34,832,373	12,236,966
Net cash (outflows)/inflows from financing activities		(3,841,540)	9,553,530
IV. Effect of foreign exchange rate changes on cash and cash equivalents		150	431
V. Net (decrease)/increase in cash and cash equivalents	XVI.22	(268,429)	385,665
Add: Cash and cash equivalents at the beginning of the year		721,395	335,730
VI. Cash and cash equivalents at the end of the year	XVI.22	452,966	721,395

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

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(All amounts in RMB'000 unless otherwise stated)
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2019							2018								
		Attributable to shareholders and other equity holders of the Company							Attributable to shareholders and other equity holders of the Company								
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2018		2,984,989	4,007,545	4,128,400	838,711	3,282,385	22,082,769	15,077,989	52,402,988	2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,716,507	43,237,434
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2019		2,984,989	4,007,545	4,128,400	838,711	3,282,385	22,082,769	15,077,989	52,402,988	2,982,889	2,033,043	4,209,663	456,344	3,281,535	(146,737)	(24,776)	284,831
III. Movements for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Total comprehensive income		-	200,400	-	876,615	-	1,341,826	967,887	2,510,113	-	77,841	-	-	-	3,312,955	688,019	4,068,455
1. Net profit		-	-	-	-	-	-	198,861	1,075,676	-	-	-	163,064	-	-	100,046	263,110
2. Other comprehensive income	M.49	-	200,400	-	876,615	-	1,341,826	1,166,748	3,385,589	-	77,841	-	163,064	-	3,312,955	788,065	4,331,565
Sub-total of 1&2		-	200,400	-	876,615	-	1,341,826	1,166,748	3,385,589	-	77,841	-	163,064	-	3,312,955	788,065	4,331,565
(ii) Capital contribution and withdrawal by owners		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Increase in capital reserve resulted from share option exercised by company	M.46, M.48	2,427	-	18,113	-	-	-	-	20,540	2,100	-	25,167	-	-	-	-	27,267
2. Contributions by minority Shareholders		-	-	15,669	-	-	-	2,729,045	2,744,714	-	-	(40,162)	-	-	-	195,447	155,285
3. Increase in minority interests resulted from acquisition or establishment of subsidiary		-	-	-	-	-	-	458,984	458,984	-	-	(65,333)	-	-	-	3,674,770	3,619,437
4. Decrease in capital reserve resulted from acquisition of minority interest	M.48	-	-	506	-	-	-	(84,347)	(83,841)	-	-	(1,579)	-	-	-	(39,129)	(40,788)
5. Disposal of subsidiaries without lose control	M.48	-	-	23,130	-	-	-	(3,088,425)	(3,065,275)	-	-	(12,114)	-	-	-	84,819	72,705
6. Disposal of subsidiaries (lose control)		-	-	-	-	-	-	(92,469)	(92,469)	-	-	-	-	-	-	(11,794)	(11,794)
7. Increase in capital reserve resulted from share option exercised by subsidiary	M.48	-	-	(1,487)	-	-	-	45,905	44,418	-	-	(5,073)	-	-	-	23,995	18,922
8. Increase in shareholders' equity resulted from share-based payments	M.2	-	-	39,326	-	-	-	18,042	57,368	-	-	20,578	-	-	-	9,382	29,940
9. Redemption (issue) right granted to minority Shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Issuance of other equity instruments	M.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Redemption of other equity instruments	M.47	-	-	-	-	-	-	-	-	3,981,604	-	-	-	-	-	-	3,981,604
12. Reverse the repurchase right granted to minority Shareholders	M.48	-	-	1,249,826	-	-	-	-	1,249,826	(1,891,143)	(18,857)	-	-	-	-	-	(2,000,000)
13. Increase in capital from capital reserve	M.46, M.48	597,088	-	(597,088)	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Others	M.48	-	-	4,896	-	-	-	-	4,896	-	-	6,110	-	-	-	-	6,110
(iii) Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	M.50, M.51	-	-	-	-	299,738	(299,738)	-	-	-	-	-	-	1,060	(1,060)	-	-
2. Profit distribution to shareholders	M.51	-	-	-	-	(1,641,980)	(1,641,980)	(447,380)	(2,089,360)	-	-	-	-	(806,533)	(806,533)	(99,297)	(1,205,800)
3. Interest paid on other equity instruments	M.47	-	(200,400)	-	-	-	-	-	(200,400)	(103,800)	-	-	-	-	-	-	(103,800)
IV. Balance at 31 December 2019		3,384,504	4,007,545	4,881,311	1,715,326	3,382,343	21,482,857	15,784,092	55,037,978	2,984,989	4,007,545	4,128,400	838,711	3,382,385	22,082,769	15,077,989	52,402,988

The accompanying notes form an integral part of these financial statements

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The head of the accounting department:
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2019						2018							
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2018		2,984,989	4,007,545	3,337,205	344,122	3,282,585	2,750,598	16,707,044	2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769
Change in accounting policies		-	-	-	-	-	-	-	-	-	-	451,344	-	-	451,344
II. Balance at 1 January 2019		2,984,989	4,007,545	3,337,205	344,122	3,282,585	2,750,598	16,707,044	2,982,889	2,033,043	3,330,895	495,098	3,281,535	2,189,653	14,313,113
III. Movements for the year															
(I) Total comprehensive income															
1. Net profit		-	200,400	-	-	-	6,182,954	6,383,354	-	77,841	-	-	-	1,368,528	1,446,369
2. Other comprehensive income	XVI.14	-	-	-	126,378	-	-	126,378	-	-	-	(150,976)	-	-	(150,976)
Sub-total of 1&2		-	200,400	-	126,378	-	6,182,954	6,509,732	-	77,841	-	(150,976)	-	1,368,528	1,295,393
(II) Capital contribution and withdrawal by owners															
1. Increase in shareholders' equity resulted from share-based payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital reserve resulted from share option exercised by company	IV.46 IV.48	2,427	-	18,113	-	-	-	20,540	2,100	-	25,167	-	-	-	27,267
3. Issuance of other equity instruments	IV.47	-	-	-	-	-	-	-	3,981,604	-	-	-	-	-	3,981,604
4. Redemption of other equity instruments	IV.47	-	-	-	-	-	-	-	(1,981,143)	(18,857)	-	-	-	-	(2,000,000)
5. Increase in capital from capital reserve		597,088	-	(597,088)	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution															
1. Appropriation to surplus reserves	IV.50 IV.51	-	-	-	-	299,758	(299,758)	-	-	-	-	-	1,050	(1,050)	-
2. Profit distribution to shareholders	IV.51	-	-	-	-	-	(1,641,980)	(1,641,980)	-	-	-	-	-	(806,533)	(806,533)
3. Interest paid on other equity instruments	IV.47	-	(200,400)	-	-	-	(200,400)	(200,400)	(103,800)	-	-	-	-	-	(103,800)
IV. Balance at 31 December 2019		3,584,504	4,007,545	2,758,230	470,500	3,582,343	6,991,814	21,394,886	2,984,889	4,007,545	3,337,205	344,122	3,282,585	2,750,598	16,707,044

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

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The head of the accounting department:
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CHAPTER XIV
Financial Statements Prepared in Accordance with CASBE

FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Chapter XIV Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2019
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NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the **"Company"**), formerly **"China International Marine Containers Co., Ltd."**, was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by **"Shen Fu Ban Fu [1992] 1736"** issued by the General Office of the People's Government of Shenzhen and **"Shen Ren Yin Fu Zi (1992) 261"** issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as **"China International Marine Containers Co., Ltd."** by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to **"Shen Fu Ban Fu [1993] 925"** issued by the General Office of the People's Government of Shenzhen and **"Shen Zheng Ban Fu [1994] 22"** issued by Shenzhen Securities Administration Office On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to **"China International Marine Containers (Group) Co., Ltd"**. 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.

On 19 December 2012, the Company's domestically listed foreign shares (B shares) changed listing location and went publication on the main market of the Hong Kong Stock Exchange through the way of introduction. Henceforth, all the Company's B shares converted to overseas listed foreign shares (H shares).

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, heavy truck, airport equipment, fire-engine 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 financial equity investment, manufacturing of logistic equipment and related services, marine projects and property development, etc

CIMC Enric Holdings Limited (**"Enric"**), the subsidiary of the Group, is listed in the Main Board of the Hong Kong Stock Exchange. The principal activities of Enric are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

Chapter XIV Financial Statements Prepared in Accordance with CASBE

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English Translation for Reference Only

I. GENERAL INFORMATION (Continued)

CIMC-TianDa Holdings Company Limited (“**CIMC TianDa**”), the subsidiary of the Group, is listed in the Main Board of the Hong Kong Stock Exchange. The principal activities of CIMC TianDa are the production and sale of passenger boarding bridges, airport ground support equipment and garage systems; providing engineering and computer software solutions for logistics operations in the airports, e-commerce, express delivery, warehousing and other industries; production and sales of fire engines and fire fighting equipment.

CIMC Vehicles (Group) Co., Ltd. (“**CIMC Vehicles**”), the subsidiary of the Group, is listed in the Main Board of the Hong Kong Stock Exchange. CIMC Vehicles primarily engages in the manufacture and sale of semi-trailers and truck bodies for specialty vehicles. The semi-trailer product lines mainly include chassis and flatbed trailers, fence trailers, tank trailers, refrigerated trailers and van trailers. The truck body products mainly include dump beds for dump trucks, mixers for mixer trucks and other truck bodies for specialty vehicles.

Please refer to Note VI for details of subsidiaries included in the scope of consolidation and also refer to Note V.1 for the details of subsidiaries newly included in the scope of consolidation. Please refer to Note V.2 for the details of subsidiaries excluded from the scope of consolidation.

The financial statements have been approved for announcement by the Company’s Board of Directors on 26 March 2020.

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 expected credit losses of receivables and contract assets (Note II.9), the cost of inventories (Note II.11), the criteria for determining impairment of non-current assets (Note II.20), depreciation policy of fixed assets and amortization policy of intangible assets (Note II.14 and 17), measurement of provisions (Note II.21), measurement model of investment real estate (Note II.13) and revenue recognition and measurement (Note II.23), etc.

Key judgments applied for critical accounting policies by the Group are disclosed in Note II. 33.

1. Basis of preparation

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

The financial statements are prepared on a going concern basis.

Some notes in this financial statement have been prepared in accordance with requirements of the Hong Kong Companies Ordinance.

Chapter XIV Financial Statements Prepared in Accordance with CASBE

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(All amounts in RMB' 000 unless otherwise stated)
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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

The financial statements of the Company for the year ended 31 December 2019 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 at 31 December 2019 and of their financial performance, cash flows and other information for the year then ended.

3. Accounting year

The Company's accounting year starts from 1 January to 31 December.

4. Recording currency

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 functional currencies 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. If the company to be merged is acquired by the absorbing party from a third party in previous years, the assets and liabilities of the company (including the goodwill formed by the acquisition by the absorbing party) are included in the final consolidated financial statement and are based on book value. 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 recognized 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.

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For the year ended 31 December 2019
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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Business combinations (Continued)

(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 recognized as goodwill (see Note II.18). When 1) is less than 2), the difference is recognized 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 direct acquisition-related costs arising from the business combination are recognized 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 recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognized 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.

6. Preparation of consolidated financial statements

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

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

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

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

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

6. Preparation of consolidated financial statements (Continued)

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the stock premium (capital surplus) in capital reserve in the consolidated balance sheet. If the credit balance of stock premium (capital surplus) in capital reserve 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 derecognizes 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 recognized as investment income for the current period when control is lost.

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

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's 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 loss for the period as well as comprehensive income not attributable to Company are recognized as minority interests, net profit and loss 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 loss arising from sales of assets to subsidiaries by the Company are fully eliminated against net profit attributable to owners of the Company. The unrealised profit and loss arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to owners of the Company as well as net profit attributable to minority interests respectively according to the Company and minority interests' shareholding on the subsidiaries. The unrealised profit and loss arising from sales of 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 recognizing 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.

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For the year ended 31 December 2019
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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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 recognized 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 recognized in profit or loss, except for the differences arising from the translation of other equity investments, which are recognized as other comprehensive income. The effect of exchange rate changes on cash presented separately in the cash flow statement.

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 recognized in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognized 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.

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

9. Financial instruments

A financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other parties. When the Group becomes a party of a financial instrument contract, the relevant financial assets or financial liabilities are recognized.

(1) Financial Assets

(a) *Classification and measurement*

The Group classifies financial assets according to the business model for managing the financial assets and the contractual terms of the cash flows:

- (1) financial assets at amortized cost;
- (2) financial assets at fair value through other comprehensive income (referred to as "FVOCI");
- (3) financial assets at fair value through profit or loss (referred to as "FVPL").

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. For the accounts receivables and notes receivables arising from the sale of products or the provision of labor services that do not contain or consider the significant financing components, the consideration to be received is recognized as the initial recognition amount.

i. Debt instruments

The debt instruments held by the Group refer to the tools that meet the definition of financial liabilities from the perspective of the issuer and are measured in the following three ways:

At amortized cost:

The Group's business model for managing such financial assets is to collect contractual cash flows, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements, namely the cash flows generated on a specific date are solely payments of principal and interest based on the outstanding principal amount. Interest income from these financial assets is included in financial income using the effective interest rate method. Such financial assets mainly include cash at bank and on hand, notes and accounts receivables, other receivables, debt investment and long-term receivables. The Group will present the debt investments and long-term receivables due within one year (including one year) from the balance sheet date as current portion of non-current assets; the debt investments with a time limit for acquisition that is within one year (including one year) is presented as other current assets.

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9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(a) Classification and measurement (Continued)

i. Debt instruments (Continued)

At fair value through other comprehensive income

The Group's business model for managing such financial assets are both to collect contractual cash flows and hold for sale, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements. Such financial assets are measured at fair value through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income calculated using effective interest method, which are recognized in profit or loss. Such financial assets mainly include receivables financing, other debt investment, etc. Other debt investments due within one year (including one year) of the Group from the balance sheet date are presented as current portion of non-current assets; the debt investments with a time limit of less than or equal to one year upon acquisition is presented as other current assets.

At fair value through profit or loss

Debt instruments held by the Group that are measured neither at amortized cost nor at fair value through profit or loss, are measured at fair value through profit or loss, and are presented as financial assets held for trading. At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group designates certain financial assets as financial assets at fair value through profit or loss. If it is more than one year from the balance sheet date and is expected to be held for more than one year, it is presented as other non-current financial assets.

ii. Equity instruments

The Group measures equity instruments that have no control, joint control or significant influence at fair value through profit or loss and the equity instruments are presented as financial assets held for trading; financial assets held for trading that is expected to be held for more than one year from the balance sheet date is presented as other non-current financial assets.

In addition, the Group designates certain non-tradable equity instrument investments as financial assets at fair value through other comprehensive income and are presented as other equity investments. The relevant dividend income of such financial assets is recognized in current profit or loss.

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9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(b) *Impairment*

The Group recognizes loss provision based on expected credit losses for financial assets at amortized cost, debt investments at fair value through profit or loss, contract assets, lease receivables and financial guarantee contracts.

The Group considers reasonable and evidenced information such as past events, current conditions and forecasts of future economic conditions, taking the risk of default as a weight, and calculating the difference between the cash flows receivable from the contract and the cash flows expected to be received, and the probability-weighted amount of the difference is recognized as the expected credit losses.

At each balance sheet date, the Group measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not significantly increased since initial recognition, the instrument is in the first stage. The Group measures the allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk of the financial instrument has significantly increased since initial recognition, the instrument is in the second stage. The Group measures the allowance for that financial instrument at an amount equal to lifetime expected credit losses. If the financial instrument has suffered credit impairment since the initial recognition, it is in the third stage, and the Group measures the allowance for that financial instrument at an amount equal to lifetime expected credit losses.

For financial instruments with lower credit risk at the balance sheet date, the Group assumes that its credit risk has not significantly increased since the initial recognition, and measures the allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For the financial instruments in the first stage and the second stage, and that with lower credit risk, the Group calculates interest income based on its book balance and effective interest rate without deducting the impairment provision. For the financial instruments in the third stage, the interest income is calculated according to the book balance minus the amortized cost and the effect interest rate after the impairment provisions.

For notes receivables, accounts receivables, receivables financing and contract assets incurred from daily business activities such as selling goods and providing services, regardless of whether there is a significant financing component, the Group measures the loss reserves according to the expected credit loss of the lifetime expected credit losses. Same to the lease receivables. The contract assets are related to the unbilled work in progress, and their risk characteristics are essentially the same as the accounts receivables of similar contracts. Therefore, the Group believes that the expected credit loss rate of accounts receivables is close to that of contract assets.

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9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(b) Impairment (Continued)

In order to measure the expected credit losses, the Group divides the receivables and contract assets into several groups on the basis of the shared credit risk characteristics and the overdue days. The basis for determining the Group is as follows:

Unique Receivables	Customers involved in projects with large scales and long-term cooperation or cooperation with abnormal situations
Bank Acceptance Bill	Banks with lower credit risk
Accounts Receivables Portfolio 1	Containers manufacturing business
Accounts Receivables Portfolio 2	Road transportation vehicles business
Accounts Receivables Portfolio 3	Energy, chemical and liquid food equipment business
Accounts Receivables Portfolio 4	Offshore engineering business
Accounts Receivables Portfolio 5	Airport, fire and automated logistics equipment business
Accounts Receivables Portfolio 6	Heavy truck business
Accounts Receivables Portfolio 7	Logistics services business
Accounts Receivables Portfolio 8	Other business

For the accounts receivables, lease receivables, notes receivables and receivables financing incurred from daily business activities such as selling goods and providing services, which was classified as a group, the Group calculates the expected credit losses by reference to the historical credit losses experience, considering the current situation and the forecast of future economic conditions as well, and finalizes the expected credit losses through the default risk exposure and the expected credit loss rate of its entire lifetime.

Other than above, for the notes receivables, receivables financing and other receivables classified as a group, the Group calculates the expected credit losses by reference to the historical credit losses experience, considering the current situation and the forecast of future economic conditions as well, and finalizes the expected credit losses through the default risk exposure and the expected credit loss rate in the next 12 months or of its entire lifetime.

For the finance lease receivables, the Group assesses expected credit losses by combining forward-looking information. Models and assumptions are used in the measurement of expected credit losses, including expectations of future economic conditions and the credit status of the lessees (the probability of customers' default and the corresponding losses).

The Group recognizes the loss provision or provision reversal in current profit or loss. For debt instruments held at fair value through profit or loss, the Group adjusts other comprehensive income when the impairment loss or gain is recognized in profit or loss.

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9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(c) *Derecognition*

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

When the other equity investment is derecognized, the difference between its book balance and the combination of its received value and the accumulated amount of changes in fair value directly recognized in other comprehensive income is recognized in retained earnings; When other financial assets is derecognized, the difference between the sum of the consideration received and the cumulative amount of changes in fair value that is directly recognized in other comprehensive income originally is recognized in profit or loss.

(2) Financial Liabilities

Financial liabilities are classified into financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly measured at amortized cost, including notes and accounts payables, other payables, borrowings and debentures payable. Such financial liabilities are initially measured at their fair value less transaction costs and are subsequently measured using the effective interest rate method. If the term is less than one year (including one year), it shall be listed as current liabilities; if the term is more than one year but expires within one year (including one year) from the balance sheet date, it shall be listed as current portion of non-current liabilities; the rest are presented as non-current liabilities.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognizes the portion of the financial liability or obligation that has been discharged. The difference between the book value of the derecognition portion and the consideration paid is recognized in profit or loss.

A financial guarantee contract is a contract for a contract holder who claims to issue a loss to pay a specified amount when the debtor fails to pay the debt in accordance with the terms of the original or modified debt instrument. As an issuer of such financial liabilities, an enterprise shall, after initial recognition, deduct the accumulated amortization amount determined in accordance with the income criteria (Note II.23) from the loss provision and the initial recognition amount respectively, and finalize the measurement with the higher value of the two

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9. Financial instruments (Continued)

(3) Fair value determination of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. 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) Derivative financial instruments

Derivatives are initially recognized at the date of the contract and are initially and subsequently measured at fair value. Derivatives are reflected as assets when its fair value is positive, and as liabilities when negative.

Certain derivatives are embedded in hybrid contracts, such as conversion option in convertible bonds. The Group splits the embedded derivatives into separate derivative instruments when the following conditions are met:

- (1) the economic characteristics and risks of embedded derivatives are not closely related to the main contract;
- (2) tools that have the same terms but exist independently satisfy the definition of the derivative; and
- (3) the hybrid instrument is not measured at fair value through profit or loss.

The Group may choose to measure the embedded derivative instruments at fair value through profit or loss, or choose to designate the hybrid contract as at fair value through profit or loss.

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9. Financial instruments (Continued)

(5) Equity Instruments

An equity instrument is a contract that demonstrates the residual equity in the assets of the Group after deducting all liabilities.

Financial instruments issued shall be classified as equity instruments when the following conditions are met: (1) The financial instruments do not include the delivery of cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially adverse conditions; (2) in the future, the financial instrument shall be settled or may be settled by its own and satisfy the following situations separately: if the financial instrument is a non-derivative instrument, settlement shall exclude the contractual obligation to deliver a variable amount of its own; if the financial instrument is derivative, it can only be settled by exchanging a fixed amount of cash or other financial assets with a fixed amount of its own.

Other equity instruments issued by the Group are recognized at the consideration that actually received deduct the transaction costs that is directly attributable to equity transactions.

The distribution of dividends during the existence of other equity instruments shall be treated as profit distribution.

The consideration and transaction fees of repurchasing the Group's equity instruments paid by the Group would cause reduction of the Group's shareholders' equity.

10. Receivables

Receivables comprise of notes and accounts receivables, other receivables and long-term receivables. Accounts receivables arising from sale of goods or rendering of services are initially recognized at fair value of the contractual payments from the buyers or service recipients. In subsequent measurement, it is measured at effective interest rate method based on amortized cost less impairment. For the impairment provision for the Group's receivables, please refer to Note II.9(1)(b).

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.

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11. Inventories (Continued)

- (3) The underlying factors in the determination of net realisable values of inventories and basis of allowance for impairment 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 recognized in profit or loss as allowance for impairment of inventories.

- (4) Inventory system

The Group maintains a perpetual inventory system.

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

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

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.

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12. Long-term equity investments (Continued)

(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 recognized 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.

For long-term equity investments accounted for using the equity method, the Group recognizes 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 recognizing 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 recognizing 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 reserve, 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 recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

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12. Long-term equity investments (Continued)

- (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) Impairment of the long term equity investment

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note II.20).

13. Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss for the period in which they are incurred.

The Group adopts fair value model to subsequently measure investment properties and do not provide depreciation or amortization. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognized in profit or loss for the current period.

When an investment properties is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment properties at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment properties is recognized in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at the date of the transfer is less than the original carrying amount of the fixed asset or the intangible asset, the difference is recognized in profit or loss for the current period; otherwise, it is included in other comprehensive income.

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

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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 initial 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 recognized as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognized in the carrying amount of the item if the to recognize fixed assets criteria are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized 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	10-30	10%	3-9%
Machinery and equipment	3-12	10%	7.5-30%
Office and other equipment	3-10	10%	9-30%
Motor vehicles	3-10	10%	9-30%
Dock, wharf	50	10%	1.8%
Offshore engineering equipment	15-30	10%	3-6%

Estimated useful lives, estimated residual value and depreciation methods are reviewed and adjusted at least at each year-end.

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14. Fixed assets (Continued)

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

(4) Disposal

A fixed asset is derecognized 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 recognized 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 recognized as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortization 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.

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16. Borrowing costs (Continued)

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

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized 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 amortization (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 amortized 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 amortization periods for such intangible assets are as follows:

	Amortization periods (years)
Land use rights	20-50
Maritime space use rights	40-50
Technological know-how and trademarks	3-15
Timber concession rights	20
Customer relationships	2-10
Customer contracts	1-4
Franchise rights	10-18

For an intangible asset with a finite useful life, review of its useful life and amortization 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 amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At balance sheet date, an impairment test will be conducted.

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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, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognized in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- 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 recognized in profit or loss in the period in which they are incurred. Development expenditures previously recognized as expenses are not recognized as an asset in the subsequent period. Capitalised expenditure on the development phase is presented as development expenditures in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

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 amortized and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or combination of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

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19. Long-term prepaid expenses

Long-term prepaid expenses include the improvement of the right-of-use assets and other expenses that have occurred but should be amortized by the current and future periods and have an amortization period of more than one year, which are amortized on a straight-line method within the beneficial period and are listed as net amount of actual expenses minus accumulated amortization.

The amortization periods for expensed are as follows:

	Amortization periods (years)
Mobilization cost of drilling platform	3 – 5
Improvement expenditure of right-of-use assets	2 – 10
Others	3 - 10

20. Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment provision and an impairment loss are recognized 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 recognized 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 combination of asset groups, which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or combination of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or combination of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or combination of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognized, it is not reversed in the subsequent period.

21. Provisions and contingent liabilities

Provisions for product warranties, onerous contracts etc. are recognized 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.

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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 recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The financial guarantee contract loss provisions recognized by the Group on the basis of expected credit losses is presented as contingent liabilities.

Provisions which is expected to be paid within one year from the balance sheet date are disclosed as current liabilities.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

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 vested.

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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, recognized 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 recognizes 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, recognizes 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 recognized when obligations in a contract are performed, that is, the control of the asset is transferred to the customer. Obtaining the control of related commodities means being able to dominate the use of the commodity and obtain almost all of its economic benefits.

It's transferring control of a good or service over time, if one of the following criteria is met. Otherwise, It's transferring control of a good or service at a point in time:

1. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
2. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

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23. Revenue recognition (Continued)

For each performance obligation satisfied over time, the Group shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

When the performance progress cannot be reasonably determined, the revenue shall be recognized according to the amount of costs incurred if the expenses incurred by the Group could be expected to be compensated, until the performance progress can be reasonably determined.

Revenue recognized at a point in time is determined when the customer obtains control of the goods and services.

(1) Revenue from sales of goods

Revenue is recognized when the customer obtains the physical or the legal title of the completed goods and the Group has present right to payment and the collection of the consideration is probable.

(a) *Containers sales revenue*

The Group manufactures and sells containers, and recognizes the revenue after obtaining customers' acceptance receipts.

(b) *Road transportation vehicles and heavy trucks sales revenue*

Road transport vehicles and heavy trucks are classified into domestic sales and overseas sales. Domestic sales recognize the revenue after the customer accepts the goods, while overseas sales recognize the revenue after loading the goods on the ship designated by the buyer at the port of shipment specified in the selling contract.

(c) *Airport facilities sales revenue*

Airport equipment (except logistics system business) recognizes revenue when obtaining buyer's acceptance receipts.

(d) *Real estate sales revenue*

Real estate sales revenue is recognized when the sale and purchase agreement is executed. When the property is sold in advance of completion, the relevant revenue will be recognized only after the development is completed and the property is delivered to the buyer.

The Group recognizes receivables at the time of delivery of the goods. At this time, the Group's right to receive the consideration is unconditional and the Group only needs to wait for payment from customers. The credit period granted by the Group to customers is usually between 30 and 90 days, which is consistent with industry practice without significant financing component.

The Group provides product quality assurance for the sale of products and recognizes corresponding provisions (Note IV.38). The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate performance obligation.

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23. Revenue recognition (Continued)

(2) Revenue from project engineering contracts

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

(3) Revenue from rendering of services

The Group provides external installation and freight forwarding services, and recognizes revenues over a period of time based on the progress of completed labor services. The progress of completed labor services is determined by the proportion of incurred costs to estimated total costs. At the balance sheet date, the Group re-estimated the progress of completed services so that it can reflect changes in performance of the contract.

Freight forwarding: Revenue is recognized during the period of providing freight forwarding services in accordance with the progress of service completion. The progress of service completion is determined by the proportion of services already provided to the total amount of services that should be provided. If the Group provides logistics transportation services to customers as a principle, the revenue recognized generally includes the carrier's freight charge. Otherwise, the Group acts as an agent and recognizes revenue based on the commissions or service charge, which is based on the total amount of consideration received or receivable minus the consideration payable to other parties, or based on the established commission amount or proportion.

When the Group recognizes the income according to the progress of the completed services, the Group recognizes the part that has obtained the unconditional right to collect consideration as accounts receivables, and the rest as contract assets, and impairment based on expected credit losses is recognized for subsequent measurement as well (Note II.9). If the contract price received or receivable by the Group exceeds the consideration of completed service, the excess is recognized as a contract liability. The Group's contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract. Costs incurred by the Group for the provision of transportation services are recognized as costs to fulfil a contract, and when revenue is recognized, the cost of the main business is transferred to cost of sales based on the progress of the completed services. Cost incurred by the Group for the acquisition of the contract is recognized as incremental costs of obtaining a contract. For costs of obtaining a contract with amortization period of less than one year, it would be recognized in current profit or loss when it occurs; for costs of obtaining a contract with amortization period of more than one year, it would be amortized in profit or loss on the basis of revenue recognition of the related contract. If the book value of contract cost is higher than the remaining consideration expected to be obtained by the provision of the service minus the estimated cost to be incurred, the Group makes impairment provisions on the excess and recognizes it as asset impairment losses. On the balance sheet date, the Group presents costs to fulfil a contract with its book value less the relevant impairment losses as inventory or other non-current assets depending on if the amortization period at the time of initial recognition is more than one year. For costs to fulfil a contract with a amortization period at the time of initial recognition of more than one year, it is presented as inventory, while costs that with amortization period of more than one year is presented as other non-current assets.

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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.

(1) Short-term wages

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

(2) 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 recognized as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

(3) 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 recognized 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 recognized.

The Enterprise annuities plan with payment within one year at the balance sheet date are classified as employee benefits payable.

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25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration including refund of taxes and financial subsidies, etc.

A government grant is recognized 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 recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset by the reasonable and systematic method.

For government grants related to income, where the grant is a compensation for related costs or losses to be incurred by the Group in the subsequent periods, the grant is recognized as deferred income, and will cause the offsetting of related costs; where the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately as offsetting the related costs.

The Group uses the same method to disclosure government grants in same category.

Government grants related to daily activities are included in operating profits. Government grants that are not related to daily activities are included in non-operating income and expenditure.

For the policy-based preferential interest rate loans received by the Group, the entry value of the borrowings shall be the borrowing amount actually received, and the relevant borrowing costs shall be calculated based on the principal of the borrowings and the policy preferential interest rate. The financial interest subsidy directly received by the Group reduces the relevant borrowing costs.

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 recognized 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 recognized 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 recognized for a temporary difference arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognized 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.

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

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax liabilities are recognized 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 recognized.

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;
- the deferred income tax assets and deferred income tax liabilities are related to the income tax imposed by the same tax collection and management department on the same tax subject or are related to the income tax collected by different taxpayers, but the subject is intended to be involved in the period of the return of every important deferred income tax assets and liabilities in the future. Net income, assets and liabilities, or assets at the same time.

27. Leases

A lease is a contract whereby, within a certain period of time, the lessor gives the right to use the assets to the lessee in order to obtain consideration.

The Group as the Lessee

At the commencement date, the Group shall recognize the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments that are linked to a certain percentage of sales are excluded from lease payments and recognized in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets comprise leased buildings, lands, machinery and equipment, motor vehicles, office and other equipment, etc. Right-of-use assets are measured initially at cost, which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

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27. Leases (Continued)

The Group as the Lessee (Continued)

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognizing right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term.

The Group as the Lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1) *Operating leases*

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income is recognized on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognized in rental income as incurred.

(2) *Finance leases*

At the commencement date, the Group recognizes the finance lease receivables under a finance lease and derecognizes relevant assets. The finance lease receivables under a finance lease are presented as long-term receivables; the finance lease receivables under a finance lease due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

28. Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied:

- 1) The non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group;
- 2) The Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognized as asset impairment losses.

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28. Held for sale and discontinued operations (Continued)

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions:

- 1) It represents a separate major line of business or geographical area of operations;
- 2) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- 3) It is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

29. Dividend distribution

Cash dividend is recognized 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 recognized as a liability at the balance sheet date but disclosed in the notes separately.

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30. 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.

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30. 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 more than 5% (inclusive) of the Company's shares;
- (n) individuals and close family members of such individuals who directly or indirectly hold more than 5% (inclusive) 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.

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

31. 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.

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.

32. Significant changes in accounting policies

In 2018, the Ministry of Finance revised the 'Accounting Standard for Business Enterprises No. 21 – Leases' (hereinafter referred to as "**new lease standard**"), and released the 'Circular on Modification to the Formats of General Corporate Financial Statements for the Year of 2019'(Cai Kuai [2019] 6) and the revised 'Accounting Standard for Business Enterprises No. 7 – Exchange of Non-monetary Assets' (hereinafter referred to as "**exchange of non-monetary assets standard**") and 'Accounting Standard for Business Enterprises No. 12 – Debt Restructuring' (hereinafter referred to as "**debt restructuring standard**") in 2019. The financial statements are prepared in accordance with the above standards and circular. The adoption of exchange of non-monetary assets standard and debt restructuring standard had no material impact on the financial statements of the Group and the Company, and impacts for implementation of other revised standards are as follows:

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

32. Significant changes in accounting policies (Continued)

(1) Modification of the formats of general corporate financial statements

(a) The impact on the balance sheet and the income statement is as follows:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected			
		the Group		the Company	
		31 December 2018	1 January 2018	31 December 2018	1 January 2018
The Group and the Company split notes and accounts receivables into accounts receivable and notes receivable.	Accounts receivable	17,895,919	16,396,726	–	–
	Notes receivable	1,423,547	1,376,864	–	–
	Notes and accounts receivables	(19,319,466)	(17,773,590)	–	–
The Group and the Company split notes and accounts payables into accounts payable and notes payable.	Accounts payable	13,210,828	12,216,311	–	–
	Notes payable	1,889,785	1,785,456	–	–
	Notes and accounts payables	(15,100,613)	(14,001,767)	–	–
The Group and the Company reclassified notes receivable at fair value through other comprehensive income from other current assets to receivables financing.	Receivables financing	179,412	–	–	–
	Other current assets	(179,412)	–	–	–
For the government grants included in the deferred income, if the remaining amortization period is equal to or less than one year, or the part that is expected to be amortized within one year (inclusive) in the future, instead of being classified as current portion of non-current liabilities, are still presented in deferred income items.	Deferred income	398,872	–	–	–
	Current portion of non-current liabilities	(398,872)	–	–	–

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

32. Significant changes in accounting policies (Continued)

(2) Leases

The Group and the Company initially adopted the new lease standard on 1 January 2019. According to relevant regulations, the Group and the Company would not reassess the contracts that have already existed prior to the date of initial application. The Group and the Company recognized the cumulative effect of the standard as an adjustment to the opening balance of retained earnings in 2019 and relevant line items in the financial statements. The comparatives for the year ended 31 December 2018 were not restated.

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 1 January 2019	
		the Group	the Company
For the operating lease contracts that have already existed prior to the initial implementation of the new lease standard, the Group and the Company adopted different transition approaches based on the remaining lease term:	Right-of-use assets	393,063	–
	Lease liabilities	(206,687)	–
	Current portion of non-current liabilities	(69,483)	–
	Advances to suppliers	(116,893)	–
For leases with a remaining term of more than 12 months, the Group and the Company recognized its lease liabilities based on the remaining lease payments and the incremental borrowing rate on 1 January 2019. The book value of the right-of-use assets are determined at the same amount as the lease liabilities and after necessary adjustments based on prepaid rent.			
The Group and the Company applied the practical expedient for leases with a remaining term of 12 months or less, under which the right-of-use assets and lease liabilities were not recognized. There was no significant impact on the financial statements.			
The Group and the Company applied the practical expedient for operating leases of low-value assets existing prior to the initial application of the new lease standard, under which the right-of-use assets and lease liabilities were not recognized. There was no significant impact on the financial statements.			
In applying the new lease standard, the Group and the Company reclassified fixed assets held under finance leases to right-of-use assets, and reclassified finance lease payables from long-term payables to lease liabilities.	Right-of-use assets	260,072	–
	Fixed assets	(260,072)	–
	Long-term payables	31,690	–
	Current portion of non-current liabilities-Long-term payables	83,384	–
	Lease liabilities	(31,690)	–
	Current portion of non-current liabilities-Lease liabilities	(83,384)	–

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

32. Significant changes in accounting policies (Continued)

(2) Leases (Continued)

As at 1 January 2019, the Group and the Company adopted the same discount rate for lease contracts with similar characteristics to account for lease liabilities. The weighted average of incremental borrowing rates adopted was 4.96%.

As at 1 January 2019, the Group and the Company reconciled the outstanding minimum operating lease payments disclosed under the old lease standard to lease liabilities under the new lease standard as follows:

	the Group	the Company
Future minimum operating lease payments disclosed as at 31 December 2018	467,145	–
Present value of the above minimum operating lease payments discounted using the incremental borrowing rate	418,896	–
Add: Finance lease payable as at 31 December 2018	115,074	–
Less: Present value of payments for leases with a term of 12 months or less	142,726	–
Lease liabilities recognized as at 1 January 2019 (including current portion of non-current liabilities)	391,244	–

Note 1: The Group and the Company did not consider factors such as the extension option when disclosing outstanding minimum operating lease payments as at 31 December 2018. When determining the lease liabilities at the initial application date, the Group and the Company included lease payments for the periods of extension to calculate the lease liabilities when it is reasonably certain to exercise the extension option.

33. Critical accounting estimates and judgements

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 recognized in the period in which the estimate is revised and in any future periods affected.

Notes IV.24, 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:

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

33. Critical accounting estimates and judgements (Continued)

(1) Measurement of expected credit losses

The Group calculates expected credit losses through default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit losses experience and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, increase of expected unemployment rate, external market environment, technological environment and changes in customer conditions etc. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. The above estimation techniques and key assumptions have not significantly changed in 2019.

(2) Impairment of long-term assets

As described in Note II.20, long-term assets (including goodwill, fixed assets and construction in progress) are reviewed at each balance sheet date to determine whether the recoverable amount of the assets is lower than carrying amount. If any indication shows that the carrying amount of the assets may not be fully recovered, the assets is deemed to have been impaired and an impairment loss is recognized.

The recoverable amount of an asset (or asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. 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.

If the management revised the gross profit margin used in the future cash flow calculation of the asset (or asset group) and the revised gross profit margin is lower than the gross profit margin currently used, the Group is required to make impairment provisions of long-term assets.

If the management revised the discount rate before tax applied to the cash flow discount and the revised discount rate before tax is higher than the discount rate currently used, the Group is required to make impairment provisions of long-term assets.

If the actual gross margin or discount rate before tax is higher or lower than the management's estimate, the Group cannot reverse previously recognized impairment provisions of long-term asset.

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

33. Critical accounting estimates and judgements (Continued)

(3) Provision for impairment 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 impairment of inventories is recognized for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market sales, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for impairment of inventories. The net profit or loss may then be affected in the period when the provision for impairment of inventories is adjusted.

(4) Depreciation and amortization of assets such as fixed assets and intangible assets

As described in Note II.14 and 17, fixed assets and intangible assets are depreciated and amortized over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortization 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 amortization, the rate of depreciation or amortization is revised prospectively.

(5) Warranty provisions

As described in Note IV.38, 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.

(6) Project engineering contract

As described in Note II.23, contract revenue and contract profit are recognized 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 recognized based on its stage of completion, is not recognized 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.

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

33. Critical accounting estimates and judgements (Continued)

(7) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant 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 recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized 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 recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(8) Estimation of fair value of investment properties

The Group recognized the fair value of the investment properties based on the valuation assessed by the independent professional valuer or the valuation assessed by the management. To assess the fair value of investment properties, as stated in Note XIV, 6, several significant judgments and assumptions are used.

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III. TAXATION

1. Main taxes categories and rates

Types of tax	Tax basis	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%, 9% and 13%
Urban maintenance and construction tax	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 adjusting the Value-Added Tax" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2019] No. 39), the subsidiaries of the Group which operate in VAT taxable sales or related business of imported goods and financial leasing business has adjusted the original VAT rate from 16% to 13% from 1 April 2019; the business of leasing and sales of real estate was originally applied 10 % tax rate is adjusted to 9%; The VAT rates of modern service industries (including logistics service and logistics support service), container yard services and financial services are still applicable to 6%, which is not within the scope of this adjustment.

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

	2019	2018
The Company	25%	25%
Subsidiaries registered in China	15-25%	15-25%
Subsidiaries registered in Hong Kong	16.5-25%	16.5-25%
Subsidiaries registered in British Virgin Islands	–	–
Subsidiaries registered in US	21%	15-25%
Subsidiaries registered in Germany	15.83-36.13%	15.83-31.6%
Subsidiaries registered in Britain	19%	19%
Subsidiaries registered in Australia	30%	30%
Subsidiaries registered in the Netherlands	25%	25%
Subsidiaries registered in Belgium	29.58%	34%
Subsidiaries registered in Denmark	22%	22%
Subsidiaries registered in Poland	19%	19%
Subsidiaries registered in Thailand	20%	20%
Subsidiaries registered in Singapore	17%	17%
Subsidiaries registered in Sweden	21.4%	22%
Subsidiaries registered in Cayman Islands	–	–
Subsidiaries registered in Malaysia	24%	24%
Subsidiaries registered in Luxembourg	24.94%	27.08%

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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 Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
2 Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2019 entitled to 15% preferential rate
3 Yangzhou Runyang Logistic Equipment Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
4 Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
5 Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
6 Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
7 Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
8 Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2019 entitled to 15% preferential rate
9 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate

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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
10 Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
11 Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
12 Enric (Lang fang) Energy Equipment Integration Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
13 Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
14 Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
15 Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
16 Nantong CIMC Energy Equipment Co, Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
17 Enric (Nantong) CIMC Food Equipment Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2019 entitled to 15% preferential rate
18 Shenzhen CIMC – TianDa Airport Support Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate

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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
19 Xinfra Airport Equipment Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
20 Shenzhen CIMC TianDa Logistics Systems Engineering Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2019 entitled to 15% preferential rate
21 Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2017 entitled to 15% preferential rate
22 CIMC Taicang refrigeration equipment logistics Co., Ltd.	25%	15%	Recognized as high-tech enterprises in 2019 entitled to 15% preferential rate
23 Taicang CIMC Special Logistics Equipment Co., Ltd.	25%	15%	Recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
24 Gansu CIMC Huajun Vehicle Co., Ltd.	25%	15%	Continue to be recognized as high-tech enterprises in 2018 entitled to 15% preferential rate
25 Jiangmen CIMC Vehicles Co., Ltd.	25%	15%	Recognized as high-tech enterprises in 2019 entitled to 15% preferential rate

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to VI.1 and IV.18 for the definition of subsidiaries, associates and joint ventures.

1. Cash at bank and on hand

	31 December 2019	31 December 2018
Cash on hand	5,900	7,935
Bank deposits	8,911,227	8,990,737
Other cash balances	797,665	730,480
Total	9,714,792	9,729,152
Including: cash abroad	1,798,268	2,514,236

As at 31 December 2019, restricted cash at bank and on hand of the Group amounted to RMB1,708,360,000 (31 December 2018: RMB1,197,813,000), refer to Note IV.29 for details.

As at 31 December 2019, restricted cash at bank and on hand of the Group mentioned above included deposits of Finance Company in the People's Bank of China, amounting to RMB381,113,000 (31 December 2018: RMB421,952,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets held for trading

	31 December 2019	31 December 2018
Financial assets held for trading –		
Investments in equity instruments held for trading (i)	200,206	193,676
Investments in debt instruments held for trading (ii)	215,297	–
	415,503	193,676

- (i) The equity instruments held for trading are securities listed in the Hong Kong Stock Exchange. The fair value of securities is determined based on the closing price of the last trading day of the Hong Kong Stock Exchange.
- (ii) The debt instruments held for trading are private security investment fund. The fair value of the fund are determined based on the statement of net asset value provided by the fund company as at 31 December 2019.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Derivative financial assets and liabilities

	Note	31 December 2019	31 December 2018
Derivative financial assets –			
Forward foreign exchange contracts	(1)	92,098	27,480
Foreign exchange option contracts	(2)	56	21,180
Interest rate swap contracts	(3)	8,826	193
Currency swap contracts		–	35
Hedging Instrument		–	167
		100,980	49,055
Derivative financial liabilities –			
Forward foreign exchange contracts	(1)	50,595	22,520
Foreign exchange option contracts	(2)	101	18,672
Interest rate swap contracts	(3)	166	–
Currency swap contracts		–	229
Commitment to minority shareholders	(4)	301,305	301,305
		352,167	342,726

(1) Forward foreign exchange contracts

As at 31 December 2019, the Group had certain unsettled forward contracts, mainly denominated in United States Dollar (USD), Japanese Yen (JPY), Great Britain Pound (GBP), Euro (EUR), Hong Kong Dollar (HKD), Australian Dollar (AUD) and Canadian dollars (CAD). The nominal value of these contracts amounted to USD1,311,719,000, JPY1,193,175,000, GBP4,900,000, EUR160,800,000, HKD22,500,000, AUD24,000,000 and CAD1,733,000, respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR, HKD, AUD, CAD 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 3 January 2020 to 15 December 2020.

(2) Foreign exchange option contracts

As at 31 December 2019, the Group had certain unsettled forward contracts, mainly denominated in USD, EUR and JPY. The nominal value of these contracts amounted to USD4,700,000, EUR800,000 and JPY60,000,000. Pursuant to these future contracts, the Group are required to buy/sell USD, EUR and JPY of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These future 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 14 January 2020 to 18 May 2020.

(3) Interest rate swap contracts

As at 31 December 2019, the Group had 13 unsettled interest swap contracts denominated in USD, with a nominal value amounted to USD2,010,207,000 and a fair value of RMB42,830,000. The settlement dates of the aforesaid interest swap contracts ranges from 1 March 2020 to 28 June 2021.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Derivative financial assets and liabilities (Continued)

(4) Commitment to minority shareholders

The company and its wholly-owned subsidiary, CIMC Hong Kong, will compensate the minority shareholders of CIMC offshore for the difference below the agreed amount when they withdraw by selling their equity to a third party. The Group has recognised derivative financial liabilities at fair value as obligation to make up the difference.

4. Notes receivables

	31 December 2019	31 December 2018
Bank acceptance notes	580,043	1,237,458
Trade acceptance notes	58,068	186,089
Less : Provision for bad debts	(1,492)	–
Total	636,619	1,423,547

- (a) As at 31 December 2019, pledged notes receivable presented in the notes receivables of the Group were as follows:

	31 December 2019
Bank acceptance notes	33,924

- (b) As at 31 December 2019, notes endorsed or discounted but not due, presented as notes receivables of the Group was as follows:

	Derecognized	Not Derecognized
Bank acceptance notes (i)	2,377,584	143,995
Trade acceptance notes	–	5,334
	2,377,584	149,329

- (i) In 2019, only a few bank acceptance notes receivable were endorsed or discounted, and derecognized by the subsidiaries of the group, therefore the notes were classified as financial assets measured at amortized cost. In addition, due to the needs of daily fund management, the subsidiaries of the group discounted and endorsed part of the bank acceptance notes. The Group therefore classified the notes as financial assets at fair value through other comprehensive income and disclosed as receivables financing (Note IV.6).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Notes receivables (Continued)

(b) (Continued)

Notes receivable of the group were generated from daily business activities such as selling goods and providing services. No matter whether there was significant financing component or not, the provision for loss was measured according to the expected credit loss of the whole duration. As at 31 December 2019, the group's provision for bad debts was RMB1,492,000 (31 December 2018: Nil) measured according to the expected credit loss of the whole duration.

(c) Among the above balance, there are no notes receivable from shareholders holding more than 5% (including 5%) of voting shares of the company.

The above notes receivables are all due within one year.

5. Accounts receivables

	31 December 2019	31 December 2018
Notes receivables	19,530,039	18,759,381
Less: Provision for bad debts	(1,135,068)	(863,462)
	18,394,971	17,895,919

(a) Accounts receivables analysed by customer categories was as follows:

	31 December 2019	31 December 2018
Containers Manufacturing	5,397,086	6,852,841
Road transportation vehicles	2,384,897	2,713,628
Energy, chemical and liquid food equipment	2,873,133	3,356,733
Offshore engineering	1,316,397	495,519
Airport, fire and automated logistics equipment	2,607,812	1,848,944
Logistics services	1,507,332	1,326,322
Heavy truck	1,650,464	1,060,341
Others	1,792,918	1,105,053
Sub-total	19,530,039	18,759,381
Less: provision for bad debts	(1,135,068)	(863,462)
Total	18,394,971	17,895,919

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5. Accounts receivables (Continued)

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

	31 December 2019	31 December 2018
Within 1 year (inclusive)	17,579,518	16,161,762
1 to 2 years (inclusive)	853,807	997,255
2 to 3 years (inclusive)	672,276	868,445
Over 3 years	424,438	731,919
Sub-total	19,530,039	18,759,381
Less: provision for bad debts	(1,135,068)	(863,462)
Total	18,394,971	17,895,919

(c) As at 31 December 2019, the five largest balances of accounts receivables are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for bad debts	% of total accounts receivables
Total of the five largest accounts receivables	2,533,269	–	12.97%

As at 31 December 2019, the total amount of the top five accounts receivables of the Group was RMB2,533,269,000, accounting for 12.97% of the total accounts receivables.

(d) Accounts receivables derecognized due to transfer of financial assets:

In 2019 and 2018, the Group has no accounts receivables derecognized due to transfer of financial asset.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5. Accounts receivables (Continued)**

(e) Provision for bad debts

For the receivables of the Group, whether there is a significant financing component or not, the loss provision is measured according to the expected credit loss of the whole duration.

(i) As at 31 December 2019, notes and accounts receivables with amounts that the related provision for bad debts was set aside on the individual basis are analysed as follows:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Containers Manufacturing	3,528,460	3.18%	112,354	
Road transportation vehicles	102,038	16.84%	17,179	
Energy, chemical and liquid food equipment	174,825	68.09%	119,041	Measured provision as lifetime expected credit losses
Offshore engineering	2,702	66.51%	1,797	
Airport, fire and automated logistics equipment	313,755	21.97%	68,917	
Logistics services	371,289	2.59%	9,609	
Heavy truck	404,161	66.78%	269,901	
Others	1,461,033	3.16%	46,219	
	6,358,263		645,017	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Accounts receivables (Continued)

(e) Provision for bad debts (Continued)

(ii) As at 31 December 2019, receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed – Containers Manufacturing:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,628,844	0.02%	320	2,965,562	1.92%	56,832
Overdue within 1 month	9,931	0.35%	35	19,558	2.03%	397
Overdue for 1 to 3 months	14,559	0.59%	86	93,135	2.86%	2,663
Overdue 3 to 12 months	92,441	2.71%	2,503	144,896	7.16%	10,378
Overdue 1 to 2 years	101,017	5.77%	5,829	5,848	8.69%	508
Overdue 2 to 3 years	519	100.00%	519	20,846	95.00%	19,804
Overdue 3 to 5 years	21,189	100.00%	21,189	44,016	100.00%	44,016
Overdue for more than 5 years	126	100.00%	126	–	–	–
	1,868,626		30,607	3,293,861		134,598

Collectively assessed – Road transportation vehicles:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,494,656	1.18%	17,623	925,845	–	–
Overdue within 1 month	192,751	2.73%	5,259	814,206	0.47%	3,825
Overdue for 1 to 3 months	256,294	3.22%	8,243	81,093	3.32%	2,689
Overdue 3 to 12 months	248,003	4.04%	10,015	86,100	3.32%	2,855
Overdue 1 to 2 years	24,735	16.89%	4,178	19,453	32.01%	6,226
Overdue 2 to 3 years	16,473	58.31%	9,606	32,856	96.14%	31,588
Overdue 3 to 5 years	12,510	91.92%	11,499	12,072	99.38%	11,997
Overdue for more than 5 years	37,437	93.63%	35,051	7,549	99.38%	7,502
	2,282,859		101,474	1,979,174		66,682

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5. Accounts receivables (Continued)

(e) Provision for bad debts (Continued)

(ii) As at 31 December 2019, receivables that are assessed for impairment on a collective group basis are as follows:
(Continued)

Collectively assessed – Energy, chemical and liquid food equipment:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,773,404	0.74%	13,048	1,973,909	0.71%	14,015
Overdue within 1 month	94,255	3.57%	3,364	410,475	3.01%	12,355
Overdue for 1 to 3 months	292,027	3.76%	10,976	196,549	3.47%	6,820
Overdue 3 to 12 months	243,930	5.89%	14,367	157,596	5.33%	8,400
Overdue 1 to 2 years	122,565	31.17%	38,199	134,504	17.80%	23,942
Overdue 2 to 3 years	33,834	47.27%	15,995	55,059	52.96%	29,159
Overdue 3 to 5 years	88,361	72.13%	63,736	109,764	61.73%	67,757
Overdue for more than 5 years	49,932	100.00%	49,932	–	–	–
	2,698,308		209,617	3,037,856		162,448

Collectively assessed – Offshore engineering:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,279	–	–	24,130	–	–
Overdue within 1 month	1,156,503	1.00%	11,529	–	–	–
Overdue for 1 to 3 months	40,205	1.00%	404	–	–	–
Overdue 3 to 12 months	53,764	1.00%	540	–	–	–
Overdue 1 to 2 years	54,019	3.43%	1,854	–	–	–
Overdue for more than 2 years	7,925	49.78%	3,945	–	–	–
	1,313,695		18,272	24,130		–

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5. Accounts receivables (Continued)

(e) Provision for bad debts (Continued)

(ii) As at 31 December 2019, receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed – Airport, fire and automated logistics equipment:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,242,796	0.15%	1,892	585,610	–	–
Overdue within 1 month	17,251	0.76%	131	609	–	–
Overdue for 1 to 3 months	62,997	0.86%	543	36,200	–	–
Overdue 3 to 12 months	819,257	3.12%	25,574	1,032,773	5.96%	61,576
Overdue 1 to 2 years	97,907	10.62%	10,399	63,655	23.00%	14,641
Overdue 2 to 3 years	38,560	51.66%	19,922	27,959	50.00%	13,980
Overdue for more than 3 years	15,289	85.64%	13,094	43,511	63.00%	27,412
	2,294,057		71,555	1,790,317		117,609

Collectively assessed – Heavy truck:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,065,717	0.56%	5,989	324,894	–	–
Overdue within 1 month	41,683	2.58%	1,075	–	–	–
Overdue for 1 to 3 months	58,402	3.67%	2,143	2,026	–	–
Overdue 3 to 12 months	61,976	7.98%	4,943	35,449	23.92%	8,480
Overdue 1 to 2 years	11,994	92.25%	11,065	11,692	31.63%	3,698
Overdue for more than 2 years	6,531	92.34%	6,031	76,051	47.28%	35,954
	1,246,303		31,246	450,112		48,132

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5. Accounts receivables (Continued)

(e) Provision for bad debts (Continued)

(ii) As at 31 December 2019, receivables that are assessed for impairment on a collective group basis are as follows:
(Continued)

Collectively assessed – Logistics services:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,001,022	0.04%	445	1,000,650	–	–
Overdue within 1 month	62,685	1.53%	957	84,164	2.00%	1,684
Overdue for 1 to 3 months	15,683	2.01%	315	35,958	2.82%	1,014
Overdue 3 to 12 months	35,484	4.47%	1,586	53,622	3.34%	1,791
Overdue 1 to 2 years	3,449	38.59%	1,331	17,974	15.82%	2,843
Overdue 2 to 3 years	13,368	88.79%	11,869	13,256	100.00%	13,256
Overdue for more than 3 years	4,352	100.00%	4,352	5,444	100.00%	5,444
	1,136,043		20,855	1,211,068		26,032

Collectively assessed – Others:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount	Amount	Lifetime expected credit losses rate	Amount
Not overdue	59,412	–	–	62,060	–	–
Overdue within 1 month	3,504	–	–	19,070	21.06%	4,016
Overdue for 1 to 3 months	–	–	–	729	–	–
Overdue 3 to 12 months	152,372	0.18%	275	52,034	5.39%	2,808
Overdue 1 to 2 years	102,428	–	–	1,839	–	–
Overdue 2 to 3 years	12	–	–	9	–	–
Overdue 3 to 5 years	13,356	40.05%	5,349	–	–	–
Overdue for more than 5 years	801	100.00%	801	–	–	–
	331,885		6,425	135,741		6,824

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5. Accounts receivables (Continued)

- (f) The provision for bad debts this year amounted to RMB426,864,000 (2018: RMB161,196,000). A provision for bad debts amounted to RMB132,454,000 has been collected or reversed. (2018: RMB62,650,000).
- (g) The accounts receivables amounted to RMB41,115,000 was written off in current year (2018: RMB77,013,000), the provision for bad debts amounted to RMB41,115,000 (2018: RMB77,013,000).
- (h) Accounts receivables from related parties

As at 31 December 2019, the Group's accounts receivables from related parties amounted to RMB95,018,000 (31 December 2018: RMB154,789,000), accounting for 0.49% of the total accounts receivables (31 December 2018: 0.83%).

Company name	Relationship with the Group	31 December 2019			31 December 2018		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
SUMITOMO CORPORATION ("SUMITOMO")	Minority shareholders of subsidiaries	18,067	0.09%	-	71,825	0.38%	-
Zhejiang Xinlong	Associate	10,747	0.06%	-	5,794	0.03%	-
Jiangsu Wanjing	Associate	9,736	0.05%	-	-	-	-
NKY Zhenhua	Joint venture	5,643	0.03%	-	7,010	0.04%	-
Dongfang International Container (Ningbo) Co., Ltd. ("Huanyu Dongfang International")	Subsidiary of significant shareholder	3,875	0.02%	-	-	-	-
Tianjin Shouong Dongjiang	Associate	1,863	0.01%	-	1,863	0.01%	-
Zhoushan Changhong	Associate	703	0.00%	-	-	-	-
Tianzhu International	Associate	497	0.00%	-	-	-	-
CIMC Mobile IoT	Joint venture	442	0.00%	-	-	-	-
Ningbo Mediterranean	Associate	431	0.00%	-	-	-	-
Ningxia Changming (i)	Associate	-	-	-	60,750	0.32%	-
Other related parties		43,014	0.23%	-	7,547	0.04%	-
Total		95,018	0.49%	-	154,789	0.82%	-

(i) In 2018, Ningxia Changming was one of the Group's associates, while in this year, it becomes one of the Group's subsidiaries.

As at 31 December 2019 and 31 December 2018, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.

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6. Receivables financing

	31 December 2019	31 December 2018
Receivables financing	1,236,504	179,412

Some subsidiaries of the group discounted and endorsed bank acceptance notes for the needs of daily fund management, and met the conditions of derecognition. Therefore, the bank acceptance notes of the subsidiaries were classified as financial assets at FVOCI.

The group had no bank acceptance notes with single provision for impairment. As at 31 December 2019, the group did not have measured provision as lifetime expected credit loss (31 December 2018: Nil). The Group believes there was no significant credit risk of the bank acceptance notes and will not cause significant losses due to bank default.

As at 31 December 2019, the amount of pledged bank acceptance notes receivable disclosed in receivables financing was RMB39,640,000 (31 December 2018: Nil), and the amount of pledged commercial acceptance notes receivable was RMB28,796,000 (31 December 2018: Nil) (Note IV.30(b)).

As at 31 December 2019, the group's endorsed or discounted but not yet due notes receivable listed in receivables financing are as follows:

	Derecognized	Not Derecognized
Bank acceptance notes	1,363,239	631,105
Trade acceptance notes	–	84,500

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7. Other receivables

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

		31 December 2019	31 December 2018
Receivables arising from financing for related parties	IV.7(7)	4,084,526	2,334,961
Security deposits		787,839	1,216,741
Receivables from share capital increase/transfer		500,490	3,956,738
Inter-bank borrowings of Finance Company		453,453	1,331,414
Loans	(i)	412,964	400,584
Tax refund receivables		244,754	234,306
Assets purchased under reverse repurchase agreements	(ii)	200,000	670,000
Government grants receivable		25,879	16,200
Interest receivable		23,786	8,775
Dividends receivable		16,769	12,816
Receivables from demolition compensation		6,971	91,445
Advanced payment of equity transfer and financial grants		–	178,634
Others		1,075,444	1,248,659
Sub-total		7,832,875	11,701,273
Advanced payment of equity transfer and financial grants		(241,387)	(425,129)
Total		7,591,488	11,276,144

(i) Borrowings mainly contained car loan compensation, interbank borrowings of the Finance Company; third party borrowings and petty cash fund for staff.

(ii) Assets purchased under reverse repurchase agreements mainly contained the interbank pledge-style repo transactions of Finance company, one of the subsidiary of the Group.

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7. Other receivables (Continued)

(2) Loss provision and changes in book balance

	First stage					Third stage					Total
	expected credit loss in the next twelve months (collectively assessed)		expected credit loss in the next twelve months (individually assessed)		Sub-total	Lifetime expected credit losses (suffered credit impairment) (collectively assessed)		Lifetime expected credit losses (suffered credit impairment) (individually assessed)		Sub-total	
	Provision for bad debts	Book balance	Provision for bad debts	Book balance		Provision for bad debts	Book balance	Provision for bad debts	Book balance		
	Book balance	for bad debts	Book balance	for bad debts	for bad debts	Book balance	for bad debts	Book balance	for bad debts	for bad debts	
31 December 2018	11,270,237	-	178,749	178,749	178,749	-	-	252,287	246,380	246,380	425,129
Increase in current year	20,382,190	-	4,188,541	-	-	-	-	-	-	-	-
Decrease in current year	(28,230,849)	-	-	-	-	-	-	(208,280)	(203,403)	(203,403)	(203,403)
Including: Write-off in current year	-	-	-	-	-	-	-	(203,287)	(203,287)	(203,287)	(203,287)
Derecognize	-	-	-	-	-	-	-	-	-	-	-
Increase/Reversal of provision for bad debts in current year Notes (i)	-	78,263	-	(32,841)	45,422	-	(11,193)	-	(14,568)	(25,761)	19,661
Transfer to the third stage	(19,900)	(19,434)	(139,394)	(136,130)	(155,564)	19,900	19,434	139,394	136,130	155,564	-
31 December 2019	3,401,678	58,829	4,227,896	9,778	68,607	19,900	8,241	183,401	164,539	172,780	241,387

Notes (i): Except for changes in provision for bad debts caused by the increased and decreased in other receivables and conversion between the first and third stages, changes in provision for bad debts due to changes in parameters and data used in determining expected credit losses were RMB19,661,000.

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7. Other receivables (Continued)

(2) Loss provision and changes in book balance (Continued)

(i) As at 31 December 2019, other receivables that are assessed individually was as follows:

First Stage	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Loans	36,038	0.01%	5	
Receivables arising from financing for related parties	3,173,050	0.00%	80	Measured provision as expected credit losses in the next twelve months
Receivables from share capital increase/transfer	132,164	0.00%	–	
Security deposits	186,595	0.33%	624	
Tax refund receivables	81,968	0.00%	–	
Receivables from demolition compensation	2,999	0.00%	–	
Others	615,082	1.47%	9,069	
	4,227,896		9,778	

Third Stage	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Loans	85,757	99.03%	84,929	Measured provision as lifetime expected credit losses
Receivables arising from financing for related parties	20,758	100.00%	20,758	
Security deposits	23,485	51.08%	11,997	
Receivables from demolition compensation	3,231	100.00%	3,231	
Others	50,170	86.95%	43,624	
	183,401		164,539	

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7. Other receivables (Continued)

(2) Loss provision and changes in book balance (Continued)

(ii) As at 31 December 2019 and 31 December 2018, other receivables that are assessed collectively was as follows:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
First Stage						
Receivables arising from financing for related parities	911,476	-	-	2,334,881	-	-
Receivables from share capital increase/transfer	347,568	-	-	3,956,738	-	-
Loans	290,921	1,383	0.48%	323,151	-	-
Assets purchased under reverse repurchase agreements	200,000	-	-	670,000	-	-
Security deposits	575,359	30,642	5.33%	1,172,696	-	-
Receivables from demolition compensation	741	-	-	91,055	-	-
Tax refund receivables	162,786	12	0.01%	234,306	-	-
Government grants receivable	25,879	-	-	16,200	-	-
Interest receivable	23,786	-	-	8,775	-	-
Dividends receivable	16,769	-	-	12,816	-	-
Inter-bank borrowings of Finance Company	453,453	-	-	1,331,414	-	-
Others	392,940	26,792	6.82%	1,118,205	-	-
	3,401,678	58,829		11,270,237	-	

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual rate	Amount	Amount	Accrual rate
Third Stage						
Loans	248	31	12.50%	-	-	-
Security deposits	2,400	1,431	59.63%	-	-	-
Others	17,252	6,779	39.29%	-	-	-
	19,900	8,241		-	-	

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7. Other receivables (Continued)

- (3) The provision for bad debts this year amounted to RMB38,731,000 (2018: RMB9,246,000), among which RMB6,685,000 has been recovered or reversed (2018: RMB6,145,000).
- (4) Other receivables written off in current year amounted to RMB203,287,000 (2018: RMB29,860,000).
- (5) As at 31 December 2019, the five largest balances of other receivables are analysed as follows:

	Note	Nature	Book balance	Aging	% of total balance	Provision for bad debts
China Merchants Shekou Industrial Zone Holdings Co., Ltd ("CMSK")	(i)	Receivables arising from financing for related parities	1,431,908	within 1 year	18.28%	–
Dongguan Country Garden Real Estate Group Co., Ltd. ("Dongguan Country Garden Real Estate")	(ii)	Receivables arising from financing for related parities	1,017,984	2 to 3 years	13.00%	–
Qijing Zhongbirui Real Estate Development Co., Ltd. ("Qijing Zhongbirui")		Receivables arising from financing for related parities	641,678	within 1 year	8.19%	–
Shenzhen Country Garden Real Estate Investment Co., Ltd		Receivables arising from financing for related parities	282,748	within 1 year	3.61%	–
Nanyang Commercial Bank (China) Co., Ltd.		Loan – interbank borrowings	244,167	within 1 year	3.12%	–
Total			3,618,485		46.20%	–

- (i) Jida Development, Jiyu Development, SZ Shangqi, and Leyi Real Estate are subsidiaries of the Group. As at 30 October 2019, Leyi Real Estate has entered into the Framework Agreement on the Borrowing of Surplus Funds IIA with CMSK and Jida Development; SZ Shangqi has entered into the Framework Agreement on the Borrowing of Surplus Funds IIB with CMSK and Jiyu Development, pursuant to which Leyi Real Estate shall provide financial assistance to Jida Development and CMSK in proportion to their shareholdings and SZ Shangqi shall provide financial assistance to Jiyu Development and CMSK in proportion to their shareholdings respectively. As at 31 December 2019, the amount of non-interest-bearing current funds provided by SZ Shangqi and Leyi Real Estate to CMSK were RMB1,149,242,000 and RMB282,666,000 respectively, which have not yet been recovered.
- (ii) As at 31 December 2019, the amount of RMB1,017,984,000 provided by Dongguan Zhengyi, a subsidiary of the Group, to Dongguan Country Garden, a subsidiary of the Country Garden Real Estate has not been recovered.

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7. Other receivables (Continued)

- (6) Other receivables from shareholders holding more than 5% (inclusive) of the voting rights of the Company are analysed as follows:

As at 31 December 2019 and 31 December 2018, no amount due from shareholders holding more than 5% (inclusive) of the voting rights of the Company was included in the above balance of other receivables.

- (7) As at 31 December 2019, other receivables from related parties were analysed as follows:

Company name	Relationship with the Group	31 December 2019				31 December 2018			
		Amount	Nature	% of total balance	Provision for bad debts	Amount	Nature	% of total balance	Provision for bad debts
Country Garden Real Estate and its subsidiaries	Minority shareholders of the Group's subsidiaries	1,996,083	Funding	25.48%	-	2,028,506	Funding	17.34%	-
CMSK	Subsidiary of significant shareholder	1,431,908	Funding	18.28%	-	-	-	-	-
Yangzhou Jizhi	Associate	400,013	Funding	5.11%	-	-	-	-	-
Zhenjiang CIMC Runyu Real Estate Co., Ltd. ("Runyu Real Estate")	Associate and minority shareholders of the Group's subsidiaries	163,067	Funding	2.08%	-	256,952	Funding	2.20%	-
Shenzhen China Merchants Real Estates Holding Co., Ltd.	Subsidiary of significant shareholder	70,650	Transfer of equity	0.90%	-	70,650	Transfer of equity	0.60%	-
COSCO SHIPPING Lines Co., Ltd	Subsidiary of significant shareholder	48,464	Transfer of equity	0.62%	-	-	-	-	-
Shanghai Fengyang	Associate	34,204	Funding	0.44%	-	34,204	Funding	0.29%	-
Qingdao Port International	Associate	28,045	Funding	0.36%	-	93	Funding	0.00%	-
OOS International B.V.	Associate	14,790	Funding	0.19%	-	-	-	-	-
Nantong Xinyang Environmental Protection Panel Co., Ltd. Company ("Nantong Xinyang")	Associate	11,000	Funding	0.14%	-	11,028	Funding	0.09%	-
Other related parties		5,304		0.07%	-	5,000		0.04%	-
Total		4,203,528		53.67%	-	2,406,433		20.56%	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Advances to suppliers

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

	31 December 2019	31 December 2018
Prepayment for land use right (i)	–	4,101,550
Raw material (including vessels under construction)	2,836,721	2,745,818
Others	87,746	55,373
Sub-total	2,924,467	6,902,741
Less: provision for bad debts	(37,114)	(41,444)
Total	2,887,353	6,861,297

(i) As at 31 December 2018, the prepayment for land use right was the payment by Shanghai Zhifei, a subsidiary of the Group whose main business is real estate development, for the acquisition of land use rights, in the land auction held by the Baoshan District Planning and Land Administration Bureau of Shanghai. As at 31 December 2019, the relevant land use right certificate has been obtained.

(2) Aging analysis of advances to suppliers was as follows:

	31 December 2019		31 December 2018	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	2,108,500	72.10%	5,978,612	86.61%
1 to 2 years (inclusive)	167,508	5.73%	278,274	4.03%
2 to 3 years (inclusive)	9,143	0.31%	46,078	0.67%
Over 3 years	639,316	21.86%	599,777	8.69%
Sub-total	2,924,467	100.00%	6,902,741	100.00%
Less: provision for bad debts	(37,114)	1.27%	(41,444)	0.60%
Total	2,887,353	98.73%	6,861,297	99.40%

The aging is calculated from the date that advances to suppliers were recognized.

Other advances to suppliers aged over a year mainly represented the prepayment of raw materials and equipment for offshore business engineering projects by the Group. Since the production cycle of the offshore engineering project is usually more than one year, the prepayment has not yet been settled.

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8. Advances to suppliers (Continued)

- (3) As at 31 December 2019, the five largest balances of advances to suppliers are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Total of the five largest advances to suppliers	722,655	24.71%

As at 31 December 2018, the total amount of the Group's five largest advances to suppliers amounted to RMB1,037,969,000, accounting for 15.04% of the total balance.

- (4) Advances to shareholders who hold more than 5% (inclusive) of the voting rights of the Company are as follows:

As at 31 December 2019 and 31 December 2018, there was no advances to shareholders who hold more than 5% (inclusive) of the voting rights of the Company.

- (5) Advances to related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2019			31 December 2018		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shuxiang Technology	Associate	1,750	0.06%	-	-	-	-
Shenzhen CIMC Tianyi Investment	Associate	260	0.01%	-	3,900	0.06%	-
Tianzhu International	Associate	-	-	-	408	0.01%	-
Cadro Hydraulic	Associate	-	-	-	17	0.00%	-
Total		2,010	0.07%	-	4,325	0.07%	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Inventories

(1) Inventories summarised by categories are as follows:

	31 December 2019			31 December 2018		
	Book balance	Impairment provision for inventories and costs incurred to fulfil a contract	Book value	Book balance	Impairment provision for inventories and costs incurred to fulfil a contract	Book value
Raw materials	4,491,923	(201,444)	4,290,479	4,414,392	(241,276)	4,173,116
Work in progress	3,910,630	(70,594)	3,840,036	3,597,594	(97,343)	3,500,251
Finished goods	5,627,051	(134,926)	5,492,125	4,991,136	(104,573)	4,886,563
Consignment stocks	140,725	(2)	140,723	241,316	(208)	241,108
Spare parts	234,760	(5,524)	229,236	219,161	(6,457)	212,704
Low-valued consumables	30,397	(314)	30,083	30,199	(374)	29,825
Materials in transit	27,666	–	27,666	33,731	–	33,731
Completed properties	264,894	(13,539)	251,355	660,425	(14,538)	645,887
Properties under development	25,578,254	(4,992)	25,573,262	9,523,556	(4,992)	9,518,564
Offshore engineering Project	1,528,546	(112,224)	1,416,322	4,943,242	(860,597)	4,082,645
Costs incurred to fulfil a contract	10,992	–	10,992	10,930	–	10,930
Total	41,845,838	(543,559)	41,302,279	28,665,682	(1,330,358)	27,335,324

As at 31 December 2019, the Group's closing balance of inventories included capitalized borrowing cost amounting to RMB863,642,000 (31 December 2018: RMB160,255,000). The interest rate per annum at which the borrowing costs were capitalized was 6.18% (2018: 4.57%).

As at 31 December 2019, the restricted inventories are Properties under development of CIMC Chancheng, a subsidiary of the Group amounting to RMB8,018,099,000 of subsidiary CIMC Chancheng, which are collateral of long-term borrowings amounted to RMB3,586,043,000 (Note IV.29). (31 December 2018: Nil).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Inventories (Continued)

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

	31 December 2018	Increase in current year	Decrease in current year	Transfer to Fixed assets/ Investment properties/ Construction in progress in current year	31 December 2019
Raw materials	4,414,392	50,589,815	(50,512,284)	–	4,491,923
Work in progress	3,597,594	45,589,396	(45,276,360)	–	3,910,630
Finished goods	4,991,136	64,292,346	(63,656,431)	–	5,627,051
Consignment stocks	241,316	1,512,341	(1,612,932)	–	140,725
Spare parts	219,161	491,391	(475,792)	–	234,760
Low-valued consumables	30,199	230,373	(230,175)	–	30,397
Materials in transit	33,731	106,489	(112,554)	–	27,666
Completed properties	660,425	351,329	(412,399)	(334,461)	264,894
Properties under development (i)	9,523,556	17,547,834	(1,493,136)	–	25,578,254
Offshore engineering Project	4,943,242	2,058,393	(2,479,697)	(2,993,392)	1,528,546
Costs incurred to fulfil a contract	10,930	21,483	(21,421)	–	10,992
Total	28,665,682	182,791,190	(166,283,181)	(3,327,853)	41,845,838

- (i) In 2019, the Group's subsidiaries Qianhai Jiyun, Qianhai Jingji Industrial Development (Shenzhen) Co., Ltd. ("Qianhai Jingji"), Qianhai Yingji Industrial Development (Shenzhen) Co., Ltd. ("Qianhai Yingji"), Qianhai Chuangji Industrial Development (Shenzhen) Co., Ltd. ("Qianhai Chuangji"), Qianhai Shengji Industrial Development (Shenzhen) Co., Ltd. ("Qianhai Shengji") and Qianhai Shiji Industrial Development (Shenzhen) Co., Ltd. ("Qianhai Shiji") obtained land through the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation and zone of Shenzhen (the "Qianhai Authority") and recognized the inventory of land amounting to RMB8,807,535,000; the Group's subsidiary Yangzhou Jichuang obtained land in Jiangguang science and technology innovation financial center for construction of CIMC Zhicheng(Yangzhou) project and recognized the inventory of land amounting to RMB530,000,000; the Group's subsidiary Shunde Hongju obtained land for construction of Shunde CIMC Zhigu project and recognized the inventory of land amounting to RMB230,000,000. Shanghai Zhifei obtained land amounting to RMB4,101,550,000 this year.

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9. Inventories (Continued)

(3) Provision for impairment of inventories and costs incurred to fulfil a contract are as follows:

Category	31 December 2018	Increase in current year			Transfer in/out in current year	Currency translation differences	31 December 2019
		Recognize	Reversal	Write-off			
Raw materials	241,276	34,786	(47,766)	(25,896)	-	(956)	201,444
Work in progress	97,343	9,626	(30,610)	(5,765)	-	-	70,594
Finished goods	104,573	37,888	(6,241)	(9,425)	-	8,131	134,926
Consignment stocks	208	-	(206)	-	-	-	2
Spare parts	6,457	-	(880)	(23)	-	(30)	5,524
Low-valued consumables	374	105	(123)	(35)	-	(7)	314
Completed properties	14,538	-	(1,000)	-	-	1	13,539
Properties under development	4,992	-	-	-	-	-	4,992
Offshore engineering Project	860,597	21,915	-	-	(785,004)	14,716	112,224
Total	1,330,358	104,320	(86,826)	(41,144)	(785,004)	21,855	543,559

(4) Provision for impairment of inventories are as follows:

(a) The provision for impairment of the Group's inventories during the year was recognized mainly for the price drop of certain products and the slow-moving or waste materials.

Written off/reversal of provision for impairment 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
Spare parts	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
Completed properties	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Properties under development	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Offshore engineering Project	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Contract assets

	31 December 2019	31 December 2018
Contract assets	1,951,179	1,551,556
Less: contract assets impairment provision	(5,169)	(37,208)
	1,946,010	1,514,348

As mentioned in Note V.1, the amount of contract assets increased by RMB71,837,000 due to business combination not under common control during the year.

As at 31 December 2019, impairment provision of contract assets individually assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Offshore engineering	472,447	0.84%	3,980	Measured provision as lifetime expected credit losses
Energy, chemical and food equipment	919,042	0.00%	–	
	1,391,489		3,980	

As at 31 December 2019, impairment provision of contract assets collectively assessed are as follows:

	Book balance	Lifetime expected credit losses rate	Impairment provision	Reason
Airport, fire and automation logistics equipment	559,690	0.21%	1,189	Measured provision as lifetime expected credit losses

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11. Assets and liabilities held for sale

	31 December 2019		
	Carrying amount immediately before the classification	Provision for impairment of assets held for sale	Carrying amount
Assets held for sale –			
Cash at bank and on hand	–	–	–
Investment properties	26,401	–	26,401
Fixed assets	56,448	–	56,448
Intangible assets	10,253	–	10,253
Total	93,102	–	93,102

As at 11 November 2016, with the approval of the board of directors, Qinhuangdao Vehicle, a subsidiary of the Group, entered into an irrevocable asset transfer agreement with the Qinhuangdao Economic and Technological Development Zone Land Acquisition and Purchase Center to sell fixed assets amounted RMB30,404,000 and intangible assets amounted to RMB74,954,000, the transfer price is RMB136,000,000, and the agreement is irrevocable. Due to certain delays, the sale was unlikely to be completed within one year from 31 December 2019, thus the assets was transferred back to property, plant and equipment and land use rights. On 16 November 2016, with the approval of the board of directors, Xinjiang Vehicles, a subsidiary of the Group, signed an irrevocable agreement with the People's Government of Urumqi High-Tech Industrial Development Zone (New City) and the Management Committee of Urumqi New and High-Tech Industrial Development Zone (New City) to sell of investment properties amounted to 26,401,000, fixed assets amounted to RMB55,892,000 and intangible assets amounted to RMB10,223,000, the transfer price is RMB138,950,000. Due to certain delays, the sale has not been completed as at 31 December 2019, the directors of the Company considered the transaction would probably proceed within one year and the relevant assets had been presented as held for sale as at 31 December 2019.

12. Current portion of non-current assets

	31 December 2019	31 December 2018
Finance lease receivables (Note IV .17)	6,295,488	6,525,655
Less: unrealised financing income	(1,413,242)	(1,437,660)
Finance lease receivables – net	4,882,246	5,087,995
Sales of goods by installment	17,782	10,674
Others	233,037	5,635
Less: impairment provisions	(838,396)	(716,418)
Total	4,294,669	4,387,886

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12. Current portion of non-current assets (Continued)

As at 31 December 2019, the balance of the long-term receivables from related parties due within one year of the Group was as below:

Company Name	Relationship	31 December 2019	31 December 2018
LiHua Energy	Associate	157,799	53,588
Y&C Engine	Joint Venture	1,256	15,070
New Horizon Shipping UG	Joint Venture	14,370	12,925
Zhongyi Xinwei	Associate	11,846	11,247
NingXia Changming (i)	Associate	–	3,693
Total		185,271	96,523

(i) Ningxia Changming was an associate of the Group as at 31 December 2018, and it becomes a subsidiary of the Group in 2019.

13. Other current assets

	31 December 2019	31 December 2018
Tax deductible/withheld	1,157,002	836,995
Others (i)	251,855	22,330
Total	1,408,857	859,325

(i) The other is mainly the unsettled land replacement amount, amounting to RMB211,763,000, which is based on the land preparation agreement between SCIMC, Shenzhen Municipal Bureau of planning and natural resources and Qianhai Authority. As at 31 December 2019, there is still no agreement on the compensation method for land replacement worth RMB211,763,000. SCIMC has completed the cancellation of original land use right certificate (Note IV .61).

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14. Other debt investments

	31 December 2019	31 December 2018
China Development Bank 2015 Tenth Financial Bonds (i)	31,272	30,581
Less: other debt investments impairment provisions	–	–
	31,272	30,581

As at 31 December 2019, the carrying amount of the other debt investments was RMB30,000,000, the coupon rate was 4.21%, the yield to maturity was 3.32%, the maturity date was 10 April 2025, and the fair value was RMB31,272,000.

As at 31 December 2019, the bonds held by the Group all have an investment-grade external credit rating. The counterparty has strong repayment ability and low default risk. The Group regards it as a financial instrument with low credit risk, and provision was measured as expected credit losses within the next twelve months.

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15. Other equity investments

(1) Equity investments

	31 December 2019	31 December 2018
Unlisted company equity		
– Bank of Communications Schroder Fund Management Co., Ltd. (“BOCM Schroder”)	424,094	243,677
– China United International Rail Containers Co., Ltd. (“CR Intermodal”)	303,943	445,596
– Zhuhai Yunzhou-Tech Co., Ltd. (“Yunzhou-Tech”)	43,046	22,881
– Shanghai Shangqiao Supply Chain Service Co., Ltd. (“Shanghai Shangqiao”)	10,920	30,000
– Chongqing Meixin Yishen Machinery Co., Ltd. (“Chongqing Meixin”)	15,000	20,000
– Shitie Special Goods (Beijing) International Logistics Co., Ltd. (“Shitie Special Goods”)	–	3,500
– Ningbo Beilun Donghua Container Service Co., Ltd. (“Ningbo Beilun”)	1,200	1,200
– Tianjin Binhai COSCO Container Logistics Co., Ltd. (“Tianjin Binhai COSCO”)	–	19,618
– Yueguan Advanced Manufacturing Industry (Dongguan) Equity Investment Fund (Limited Partnership) (“Yueguan Fund”)	43,965	14,384
– Xiamen HuaRui Overseas Returnees Biling and School (“Xiamen HuaRui”)	5,855	–
– China Railway Special Cargo Services Co.,LTD (“China Railway Special Cargo”)	161,563	–
Listed company equity		
– Shouchang International Enterprise Co., Ltd. (“Shouchang International”)	361,421	180,884
– Otto Energy Limited	2,378	2,415
	1,373,385	984,155
	31 December 2019	31 December 2018
BOCM Schroder		
– Historical cost	8,125	8,125
– Accumulated changes in fair value	415,969	235,552
	424,094	243,677
CR Intermodal		
– Historical cost	380,780	380,780
– Accumulated changes in fair value	(76,837)	64,816
	303,943	445,596

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15. Other equity investments (Continued)

(1) Equity investments (Continued)

	31 December 2019	31 December 2018
Yunzhou-Tech		
– Historical cost	20,000	20,000
– Accumulated changes in fair value	23,046	2,881
	43,046	22,881
Shanghai Shangqiao		
– Historical cost	10,000	30,000
– Accumulated changes in fair value	920	–
	10,920	30,000
Chongqing Meixin		
– Historical cost	15,000	20,000
– Accumulated changes in fair value	–	–
	15,000	20,000
Shitie Special Goods		
– Historical cost	–	3,500
– Accumulated changes in fair value	–	–
	–	3,500
Ningbo Beilun		
– Historical cost	1,200	1,200
– Accumulated changes in fair value	–	–
	1,200	1,200
Tianjin Binhai COSCO		
– Historical cost	–	19,618
– Accumulated changes in fair value	–	–
	–	19,618

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15. Other equity investments (Continued)

(1) Equity investments (Continued)

	31 December 2019	31 December 2018
Yueguan Fund		
– Historical cost	44,060	14,384
– Accumulated changes in fair value	(95)	–
	43,965	14,384
Xiamen HuaRui		
– Historical cost	5,855	–
– Accumulated changes in fair value	–	–
	5,855	–
China railway special cargo		
– Historical cost	161,563	–
– Accumulated changes in fair value	–	–
	161,563	–
Shouchang International		
– Historical cost	203,710	199,247
– Accumulated changes in fair value	157,711	(18,363)
	361,421	180,884
Otto Energy Limited		
– Historical cost	5,674	5,580
– Accumulated changes in fair value	(3,296)	(3,165)
	2,378	2,415

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15. Other equity investments (Continued)

(1) Equity investments (Continued)

The voting rights of the Group to the above companies are as follows:

	Voting rights
Unlisted company equity	
– BOCM Schroder	5.00%
– CR Intermodal	10.00%
– Yunzhou-Tech	1.78%
– Shanghai Shangqiao	1.82%
– Chongqing Meixin	2.82%
– Ningbo Beilun	21.00%
– Yueguan Fund	13.97%
– Xiamen HuaRui	4.00%
– China Railway Special Cargo	1.00%
Listed company equity	
– Shouchang International	4.36%
– Otto Energy Limited	–

The voting rights of the Group are only related to its administrative management matters. The Group does not participate in or influence the financial and operating decisions of the above companies in any way. Therefore, the Group does not have any significant influence on the above companies and recognized them as other equity investments.

In 2019, due to the strategic adjustment of the Group, an equity instrument investment of 4% in Xiamen HuaRui was increased this year, with a consideration of RMB5,855,000, and an equity instrument investment of 1% in China Railway Special Cargo was increased, with a consideration of RMB161,563,000. In the current year, 3.33% of the shares in Shanghai Shangqiao, with a disposal price of RMB20,000,000, and there was no dividend income recognized in the current year. 0.94% of share in Chongqing Meixin was disposed, with a disposal price of RMB5,000,000, and the dividend income of RMB755,000 was recognized in the current year.

In 2019, the Group's equity investment in Shitie Special Goods increased to 20%, so the investment from other equity instruments was changed to long-term equity investment. The Group's equity investment in Tianjin Binhai COSCO increased to 6%, and the appointment of directors constituted a significant impact. Therefore, the investment from other equity instruments was changed to long-term equity investment (Note IV.18).

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16. Other non-current financial assets

	31 December 2019	31 December 2018
Interest rate swap contracts(Note IV.3(3))	74,445	332,081

17. Long-term receivables

	31 December 2019	31 December 2018
Finance lease receivables	26,948,998	28,169,139
Less: unrealised financing income	(8,337,211)	(9,111,735)
Finance lease receivables – net	18,611,787	19,057,404
Sales of goods by installments	84,853	53,332
Others	598,854	211,986
Sub-total	19,295,494	19,322,722
Less: impairment provisions	(1,223,156)	(1,060,467)
Sub-total	18,072,338	18,262,255
Less: current portion of non-current assets	(4,294,669)	(4,387,886)
Total	13,777,669	13,874,369

As at 31 December 2019, there was no long-term receivables due from shareholders holding more than 5% (inclusive) of the voting rights of the Company or related parties. (31 December 2018: Nil)

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17. Long-term receivables (Continued)

The total future minimum lease receipts under finance lease 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 analysed as follows:

	31 December 2019	31 December 2018
Minimum lease receipts		
Within 1 year (inclusive)	6,295,488	6,525,655
1 and 2 years (inclusive)	3,484,786	3,305,901
2 and 3 years (inclusive)	2,779,570	2,462,104
Over 3 years	14,389,154	15,875,479
Sub-total	26,948,998	28,169,139
Less: unrealised finance income	(8,337,211)	(9,111,735)
Total	18,611,787	19,057,404

As at 31 December 2019, the long-term receivables derecognized due to transferring of financial assets in current year amounted RMB1,148,967,000 (31 December 2018: RMB64,475,000):

	The derecognized amount	The income from derecognition
Finance lease receivables	1,148,967	95,932

Company name	Relationship with the Group	31 December 2019	31 December 2018
New Horizon Shipping UG	Joint Venture	561,667	566,707
Zhongyi Xinwei	Associate	9,586	21,432
LiHua Energy	Associate	–	10,285
Y&C Engine	Joint Venture	–	1,256
Total		571,253	599,680

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term receivables (Continued)

(1) Loss provision and changes in book balance:

	First stage			Second stage		Third stage				Total			
	Expected credit loss in the next twelve months (collectively assessed)		Expected credit loss in the next twelve months (individually assessed)	Lifetime expected credit losses (Credit risk has increased significantly but credit impairment has not yet occurred)		Lifetime expected credit losses (suffered credit impairment) (collectively assessed)		Lifetime expected credit losses (suffered credit impairment) (individually assessed)					
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts				
31 December 2018	6,991,551	251,402	11,215,705	30,117	281,519	470,513	243,831	160,300	140,269	484,653	394,848	535,117	1,060,467
Increase in current year	4,249,518	184,806	50,465	136	184,942	81,618	45,061	-	-	27,755	17,470	17,470	247,473
Decrease in current year	(3,616,065)	(140,906)	(709,072)	(1,904)	(142,810)	(36,752)	(13,223)	(67,694)	(46,197)	(7,000)	(7,000)	(53,197)	(209,230)
Including: Write-off in current year	-	-	-	-	-	-	-	(17,075)	(17,075)	(7,000)	(7,000)	(24,075)	(24,075)
Derecognize	-	-	(1,148,967)	-	-	-	-	-	-	-	-	-	-
Increase/Reversal of provision for bad debts in current year (Note (i))	-	(89,073)	-	77,666	(11,407)	-	110,906	-	(7,847)	-	32,794	24,947	124,446
Transfer to the third stage	-	-	-	-	-	(49,850)	(27,340)	5,104	5,104	44,745	22,236	27,340	-
Transfer back to the first stage	50,288	27,844	-	-	27,844	(50,288)	(27,844)	-	-	-	-	-	-
Transfer to the second stage	(360,231)	(6,146)	-	-	(6,146)	373,151	19,066	(12,920)	(12,920)	-	-	(12,920)	-
31 December 2019	7,315,061	227,927	10,557,098	106,015	333,942	788,392	350,457	84,790	78,409	550,153	460,348	538,757	1,223,156

Note (i): Except for changes in provision for bad debts caused by the increased and decreased in other receivables and conversion between the first and third stages, changes in provision for bad debts due to changes in parameters and data used in determining expected credit losses were RMB124,446,000.

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17. Long-term receivables (Continued)

(1) Loss provision and changes in book balance: (Continued)

(i) As at 31 December 2019, the provision for bad debts of long-term receivables that are individually assessed in the first stage are as follows:

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Individually assessed:				Measured provision as expected credit losses in the next twelve months
Finance lease receivables	10,557,098	1.00%	106,015	
	10,557,098		106,015	

As at 31 December 2019 and 31 December 2018, the provision for bad debts of long-term receivables that are collectively assessed in the first stage are as follows:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Expected credit loss rate	Amount	Amount	Expected credit loss rate	Amount
Collectively assessed:						
Finance lease receivables	6,764,962	3.34%	226,056	6,764,534	3.72%	251,402
Sales of goods by installments	48,119	-	-	15,031	-	-
Others	501,980	0.37%	1,871	211,986	-	-
	7,315,061		227,927	6,991,551		251,402

(ii) As at 31 December 2019, the provision for bad debts of long-term receivables that are collectively assessed in the second stage are as follows:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Expected credit loss rate	Amount	Amount	Expected credit loss rate	Amount
Collectively assessed:						
Finance lease receivables	720,600	47.25%	340,500	470,513	51.82%	243,831
Others	67,792	14.69%	9,957	-	-	-
	788,392		350,457	470,513		243,831

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term receivables (Continued)

(2) Loss provision and changes in book balance: (Continued)

(iii) As at 31 December 2019, the provision for bad debts of long-term receivables that are individually assessed in the third stage are as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Individually assessed:				Measured provision as lifetime expected credit losses
Finance lease receivables	550,153	83.68%	460,348	
	550,153		460,348	

As at 31 December 2019 and 31 December 2018, the provision for bad debts of long-term receivables that are collectively assessed in the third stage are as follows:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Expected credit loss rate	Amount	Amount	Expected credit loss rate	Amount
Collectively assessed:						
Finance lease receivables	18,974	66.37%	12,593	121,999	83.58%	101,968
Sales of goods by installments	36,734	100.00%	36,734	38,301	100.00%	38,301
Others	29,082	100.00%	29,082	-	-	-
	84,790		78,409	160,300		140,269

(3) As at 31 December 2019, long-term receivables with book balance of RMB8,027,760,000 have been used as the guaranty of long-term loans of USD273,274,000 (equivalent to RMB1,906,412,000) and long-term loans due within one year of USD259,352,000 (equivalent to RMB1,809,297,000). (Note IV.29)

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Long-term equity investments

(1) Classification of long-term equity investments:

		31 December 2019	31 December 2018
Joint ventures	(2)	707,730	604,023
Associates	(3)	4,808,352	2,968,487
		5,516,082	3,572,510
Less: impairment provisions		(152,508)	(2,610)
Total		5,363,574	3,569,900

There was no substantial restriction of the realisation of long-term equity investments.

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

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18. Long-term equity investments (Continued)

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

	Movement in current year							31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences		
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("Guangxi Southern Logistics")	54,081	-	9,084	-	-	(6,640)	-	56,525	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd.	1,774	(1,774)	-	-	-	-	-	-	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	66,916	-	3,889	-	4,434	(7,187)	-	68,052	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. Ltd.	26,949	-	1,660	-	-	-	-	28,609	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	15,690	-	3,017	-	-	(3,712)	226	15,221	-
Dalian Jilong & Baijian Logistics Co., Ltd.	5,694	-	876	-	-	(2,342)	921	5,149	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	24,369	-	2,231	-	-	(5,791)	(2,578)	18,231	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	6,280	-	589	-	-	(529)	57	6,397	-
Y&C Engine Co., Ltd. ("Y&C Engine")	242,075	-	26,101	-	-	-	-	268,176	-
Shenzhen CIMC Mobile Internet of Things International Operation Service Co., Ltd. ("CIMC Mobile IoT")	37	-	(1)	-	-	-	-	36	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership	51,070	-	(1,004)	-	-	-	-	50,066	-
Hangzhou Xinwei investment Management Partnership	16,695	(20,204)	3,509	-	-	-	-	-	-
New Horizon Shipping UG	32,951	-	2,122	-	-	-	542	35,615	-
Chemgas Schiffahrts UG (haftungsbeschränkt) & Co. MT "GASCHEMNARWHAL"KG	7,452	86,168	-	-	-	-	2,234	95,854	-
Shenzhen CIMC Everbright Logistics Equity Investment Fund Partnership (Limited Partnership)	50,490	-	6,441	-	-	-	-	56,931	-
Guangxi Angel Town Education Investment Co., Ltd.	1,500	500	-	-	-	-	-	2,000	-
Bavaria Egypt	-	868	-	-	-	-	-	868	-
Total	604,023	65,558	58,514	-	4,434	(26,201)	1,402	707,730	-

Refer to Note VI.2 for equity in joint ventures.

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18. Long-term equity investments (Continued)

(3) Long-term equity investments in associates:

	Movement in current year									31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences	Recognized impairment provision	Others		
Xinyang Wood Hong Kong Co., Ltd. ("XYW")	8,239	-	-	-	-	-	133	-	-	8,372	-
Xiamen CIMC Haitou Container Service Co., Ltd. ("Xiamen CIMC Haitou")	22,931	-	1,812	-	-	(1,481)	275	-	-	23,537	-
Dalian Jilong Logistics Co., Ltd.	51,227	-	875	-	-	-	430	-	-	52,532	-
Senju (Jiangmen) Technology Material Co., Ltd. ("Senju Jiangmen")	45,093	-	(405)	-	-	(1,906)	-	-	-	42,782	-
Shanghai Fengyang Real Estate Development Co., Ltd. ("Shanghai Fengyang")	205,083	-	102,488	-	-	(128,000)	-	-	-	179,571	-
Ocean En-Tech	202,236	36,735	(184,255)	-	-	-	-	-	-	54,716	-
Marine Subsea & Consafe Limited	2	-	-	-	-	-	-	-	-	2	(2)
Tianzhu (Shanghai) International Freight Agency Co., Ltd. ("Tianzhu International")	1,880	-	(170)	-	-	(189)	-	-	-	1,521	-
LiHua gas storage and transportation Co., Ltd. ("LiHua Energy")	111,415	-	-	-	-	-	-	(110,049)	-	111,415	(110,049)
Jiangsu Ruicheng Machinery Co., Ltd. ("Jiangsu Ruicheng")	38,953	-	5,117	-	-	-	-	-	-	44,070	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd. ("Jiuquan Cryogenic")	2,608	-	-	-	-	-	-	-	-	2,608	(2,608)
Newtown Optoelectronics Technology (Shanghai) Co., Ltd. ("Newtown Optoelectronics")	16,327	-	(164)	-	-	-	-	-	-	16,163	-

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18. Long-term equity investments (Continued)

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

	Movement in current year									31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences	Recognized impairment provision	Others		
Xuzhou CIMC Wood Co., Ltd. ("Xuzhou CIMC Wood")	28,408	-	(624)	-	-	-	-	-	-	27,784	-
Tianjin Shounong Dongjiang Animal Husbandry Co., Ltd. ("Tianjin Shounong Dongjiang")	22,782	-	(2,687)	-	-	-	-	-	-	20,095	-
Qingdao Port International Trade and Logistics Co., Ltd.	49,568	-	4,085	-	-	-	-	-	-	53,653	-
Tianjin Shounong Import & Export Trading Co. Ltd.	21,110	(21,110)	-	-	-	-	-	-	-	-	-
Jiahua Shipping Co., Ltd. ("Jiahua Shipping")	119,246	-	(18,270)	-	-	-	1,835	(39,114)	-	102,811	(39,849)
Xindu Freight Co., Ltd.	951	-	434	-	-	(21)	-	-	-	1,364	-
Chifeng Lvtianyuan Farm Co., Ltd.	6,296	-	-	-	-	-	-	-	-	6,296	-
CIMC Arabia Factory Company Limited	2,971	-	-	-	-	-	-	-	-	2,971	-
North Sea Rigs AS	13,720	-	-	-	-	-	-	-	-	13,720	-
Ningxia Changming Natural Gas Development Co., Ltd. ("Ningxia Changming")	16,619	(16,619)	-	-	-	-	-	-	-	-	-
Chengdu To Communication Equipment Co., Ltd.	1,890	-	(176)	-	-	-	-	-	-	1,714	-
Shenzhen Road Network Technology Co., Ltd. ("Shenzhen Road Network")	7,075	-	(939)	-	-	-	-	-	-	6,136	-
Beijing Boxcool Exhibition Co., Ltd.	13,069	-	420	-	-	-	-	-	-	13,489	-
Guangzhou C-H Control Technology Co., Ltd.	31,323	-	3,816	-	-	-	-	-	-	35,139	-
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	1,661	-	(8)	-	-	-	-	-	-	1,653	-

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18. Long-term equity investments (Continued)

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

	Movement in current year									31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences	Recognized impairment provision	Others		
Zhejiang Xinlong Bamboo Industry Co., Ltd. ("Zhejiang Xinlong")	11,473	-	(442)	-	-	-	-	-	-	11,031	-
Ningguo Guangshen Bamboo Products Co., Ltd. ("Ningguo Guangshen")	1,069	-	(733)	-	-	-	-	-	-	336	-
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen bamboo industry")	4,589	-	(15)	-	-	-	-	-	-	4,574	-
Mori (Shanghai) International Trade Co., Ltd. ("Mori Shanghai")	968	-	(159)	-	-	-	-	-	-	809	-
Shenzhen Cadro Hydraulic Equipment Co., Ltd. ("Cadro Hydraulic")	21,742	-	1,120	-	-	-	-	-	-	22,862	-
Sichuan Zhongyixinwei Energy Co., Ltd. ("Zhongyixinwei")	31,195	-	3,590	-	(314)	-	-	-	-	34,471	-
Henan Yida Tianxia Logistics Technology Co., Ltd. ("Henan Yida")	1,891	-	212	-	-	-	-	-	-	2,103	-
Shenzhen Chaojianling Network Technology Co., Ltd.	8	-	53	-	-	-	-	-	-	61	-
Shanghai Xinbaiqin Special Vehicle Co., Ltd. ("Shanghai Xinbaiqin")	15,538	-	1,521	-	126	-	-	-	-	17,185	-
Shenzhen CIMC Tianyi Equity Investment Management Partnership ("Shenzhen CIMC Tianyi Investment")	8,971	2,750	2,152	-	-	(6,442)	-	-	-	7,431	-
Hengqin CIMC Ruide Xinchuang Innovative Venture Capital Fund, LP.	30,295	-	(324)	-	-	-	-	-	-	29,971	-
Shenzhen Xinghuo Chelian Technology Co., Ltd. ("Xinghuo Chelian")	340	-	(740)	-	915	-	-	-	-	515	-

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18. Long-term equity investments (Continued)

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

	Movement in current year									31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences	Recognized impairment provision	Others		
Qingdao Port International Trade Logistics Ltd.	8,904	-	975	-	-	-	-	-	-	9,879	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	404	-	(404)	-	-	-	-	-	-	-	-
Zhenjiang Shen Xing Tai Bao Technology Co., Ltd.	1,928	330	(412)	-	-	-	-	-	-	1,846	-
Shenzhen Xinhuiyijin Investment Partnership (Limited Partnership)	28,820	(28,820)	-	-	-	-	-	-	-	-	-
Blue company	21,729	-	1,623	-	-	-	(776)	-	-	22,576	-
OOS international B.V.	3,029	-	3,176	-	-	-	-	-	-	6,205	-
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	20,308	-	5,107	-	-	(3,697)	-	-	-	21,718	-
Shenzhen Digital Xiang Technology Co., Ltd.	509	-	(509)	-	-	-	-	-	-	-	-
Zhoushan Changhong International Ship Repair Co., Ltd. ("Zhoushan Changhong")	134,212	100,000	(5,966)	-	-	-	-	-	-	228,246	-
Hefei Chuangyu New Energy Technology Co., Ltd. ("Hefei Chuangyu")	2,799	(2,799)	-	-	-	-	-	-	-	-	-
Nantong CIMC Yike New Material Development Co., Ltd. ("Nantong Yike")	6,475	-	1,430	-	-	-	-	-	-	7,905	-
Shenzhen Taiziwan Shangrong Real Estate Co., Ltd. ("Shangrong Real Estate")	1,548,667	-	64,737	-	-	-	-	-	-	1,613,404	-
Shanghai Yinfeng Robot Co., Ltd.	19,941	-	-	-	-	-	-	-	-	19,941	-

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18. Long-term equity investments (Continued)

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

	Movement in current year									31 December 2019	Impairment provisions
	31 December 2018	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Currency translation differences	Recognized impairment provision	Others		
Shenzhen Taiziwan Shangtai Real Estate Co., Ltd. ("Shangtai Real Estate")	-	1,620,347	(9,224)	-	-	-	-	-	-	1,611,123	-
CIMC Dongshan (Shanghai) Shipping Co., Ltd	-	35,267	1,220	-	-	-	-	-	-	36,487	-
Tianjin Port CIMC Zhenhua Logistics Co., Ltd ("Tianjin Port CIMC Zhenhua")	-	8,077	31	-	1,846	-	-	-	-	9,954	-
Shitie Special Goods	-	25,515	(158)	-	-	-	-	-	-	25,357	-
Tianjin Binhai COSCO	-	19,618	184	-	-	-	-	-	-	19,802	-
Jiangsu Wanjiang Technology Co., Ltd ("Jiangsu Wanjiang")	-	12,800	(514)	-	-	-	-	-	-	12,286	-
Yangzhou Jizhi Real Estate Co., Ltd. ("Yangzhou Jizhi")	-	173,760	-	-	-	-	-	-	-	173,760	-
Shenzhen Biji Zhigu Investment Development Co., Ltd	-	3,200	-	-	-	-	-	-	-	3,200	-
Guizhou Yinke Environmental Resources Co., Ltd	-	22,415	(1,684)	-	-	-	-	-	-	20,731	-
Yichuan Tianyun Clean Energy Co., Ltd	-	860	(559)	-	-	-	-	-	-	301	-
Shandong Nanhuangcheng Ocean Development Co., Ltd	-	8,000	(332)	-	-	-	-	-	-	7,668	-
Fujian Laoken Sterilization Service Co., Ltd	-	500	-	-	-	-	-	-	-	500	-
Total	2,968,487	2,000,826	(23,695)	-	2,573	(141,736)	1,897	(149,163)	-	4,808,352	(152,508)

Refer to Note VI.2 for equity in associates.

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18. Long-term equity investments (Continued)

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

The Group's investment ratios in Ocean En-Tech, LiHua Energy, Jiangsu Ruichen, Newtown Optoelectronics, Cadro Hydraulic, Zhongyi Xinwei, Henan Yida, Tianjin Binhai COSCO and Shenzhen Road 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 2019, except for MSC, LiHua Energy, Jiahua Shipping and Jiuquan Cryogenic, there was 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 (31 December 2018: Nil).

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19. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
1 January 2018	1,265,466	413,723	1,679,189
Changes in fair value	55,469	(246)	55,223
Transferred from inventories	113,176	–	113,176
Transferred from construction in progress	12,356	–	12,356
Revaluation gains upon transfers	125,314	–	125,314
Disposal	(18,981)	–	(18,981)
31 December 2018	1,552,800	413,477	1,966,277

	Buildings and relevant land use rights	Land use rights	Total
1 January 2019	1,552,800	413,477	1,966,277
Changes in fair value	32,249	907	33,156
Transferred from fix assets	28,341	–	28,341
Transferred from inventories	334,461	–	334,461
Transferred from construction in progress	275	–	275
Revaluation gains upon transfers	412,336	–	412,336
Transferred to fix assets	(11,410)	–	(11,410)
Currency translation differences	6,279	–	6,279
31 December 2019	2,355,331	414,384	2,769,715

In 2019 and 2018, there was no capitalised borrowing costs in investment properties.

In 2019, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB33,156,000 (2018: RMB55,223,000).

In 2019, the Group had no disposed investment properties with no book value (2018: RMB18,981,000) and there was no the disposal income (2018: RMB1,798,000).

As at 31 December 2019, the buildings with carrying amount of about RMB213,896,000 (2018: RMB226,781,000) had not been entitled the property ownership certificates due to unfinished entitling procedures. The certificate is expected to be granted in 2020. As at 31 December 2019, the land use right with carrying amount of RMB31,860,000 has not been entitled the property ownership certificates (2018: RMB31,860,000).

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20. Fixed assets

	31 December 2019	31 December 2018
Fixed assets (a)	37,834,537	23,180,408
Disposal of fixed assets (b)	14,721	8,329
	37,849,258	23,188,737

(a) Fixed assets

	Plants and buildings		Machinery and equipment		Office & other equipment	Motor vehicles	Offshore engineering equipment	Dock and wharf	Total
	For own use	For own use	For rent	For own use	For rent	For own use	For rent	For own use	
Original cost									
31 December 2018	11,861,372	10,376,331	211,721	2,438,810	6,208	1,293,282	8,075,861	1,259,977	35,523,562
Business combination	478,071	355,023	-	9,786	-	15,948	-	-	858,828
Additions	425,112	475,415	37,403	240,421	15	154,157	11,125	-	1,343,648
Transferred from inventory	-	-	-	-	-	-	2,222,399	-	2,222,399
Transferred from construction in progress	415,560	845,737	-	68,266	-	116,150	16,157,487	4,596	17,607,796
Disposals	(687,995)	(662,174)	-	(237,747)	-	(268,571)	(38,037)	(23,143)	(1,917,667)
Transferred to investment properties	(28,341)	-	-	-	-	-	-	-	(28,341)
Currency translation difference	158,120	42,071	-	14,136	-	56,940	66,730	(172)	337,825
31 December 2019	12,621,899	11,432,403	249,124	2,533,672	6,223	1,367,906	26,495,565	1,241,258	55,948,050
Accumulated depreciation									
31 December 2018	3,220,574	4,844,906	80,896	1,347,079	3,550	571,408	1,496,774	288,167	11,853,354
Business combination	74,839	58,383	-	6,715	-	12,684	-	-	152,621
Depreciation recognized in current year	403,083	749,592	24,158	196,311	53	148,691	533,746	29,921	2,085,555
Decrease in current year	(400,733)	(436,593)	-	(137,411)	-	(200,951)	(17,477)	(10)	(1,193,175)
Currency translation difference	3,504	11,937	-	(45,547)	-	52,482	28,652	(14)	51,014
31 December 2019	3,301,267	5,228,225	105,054	1,367,147	3,603	584,314	2,041,695	318,064	12,949,369
Impairment provisions									
31 December 2018	240,732	44,321	759	6,133	-	17,264	180,591	-	489,800
Provisions	-	31	-	-	-	-	3,534,124	-	3,534,155
Transferred from inventory	-	-	-	-	-	-	584,439	-	584,439
Transferred from construction in progress	-	-	-	-	-	-	510,514	-	510,514
Disposals	(5,099)	(1,447)	(10)	(238)	-	-	(13,503)	-	(20,297)
Currency translation difference	(29)	207	-	580	-	250	64,525	-	65,533
31 December 2019	235,604	43,112	749	6,475	-	17,514	4,860,690	-	5,164,144
Net book value									
31 December 2019	9,085,028	6,161,066	143,321	1,160,050	2,620	766,078	19,593,180	923,194	37,834,537
31 December 2018	8,400,066	5,487,104	130,066	1,085,598	2,658	704,610	6,398,496	971,810	23,180,408

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20. Fixed assets (Continued)

(a) Fixed assets (Continued)

As at 31 December 2019, the equipment with book value of about RMB40,237,000 (original price of RMB187,578,000) was pledged as long-term payable RMB14,600,000. See Note IV.29 for details.

In 2019, depreciation of fixed assets recognized amounted to RMB2,085,555,000 (2018: RMB1,779,248,000), of which RMB1,758,560,000, RMB38,507,000, RMB170,231,000 and RMB118,257,000 (2018: RMB1,463,218,000, RMB24,483,000, RMB267,330,000 and RMB24,217,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, respectively.

In 2019, the original cost of fixed assets transferred from construction in progress was RMB17,607,796,000 (2018: RMB930,976,000).

(1) *Temporarily idle fixed assets*

As at 31 December 2019, the carrying amount of temporarily idle buildings, machinery and equipment amounts to RMB73,062,000 (original cost of RMB117,324,000) (31 December 2018: carrying amount of RMB207,596,000 and original cost of RMB306,162,000). The following table presents the detail:

	Original amount	Accumulated depreciation	Impairment provisions	Carrying amount
Buildings	5,333	(1,351)	(934)	3,048
Machinery and equipment	55,240	(18,947)	–	36,293
Transportation	51,033	(20,854)	–	30,179
Office & other equipment	5,718	(2,176)	–	3,542
	117,324	(43,328)	(934)	73,062

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20. Fixed assets (Continued)

(a) Fixed assets (Continued)

(2) *Fixed assets with certificates of ownership unsettled*

	Carrying amount	Reason for pending
Factory	405,501	Put to use, certificate being in the progress
Office building	61,412	Put to use, certificate being in the progress
Workshop	48,660	Information updated, being in the progress
Dormitory and canteen	47,201	Put to use, certificate being in the progress
Warehouse	20,511	Certificate being in the progress
Others	111,989	Certificate being in the progress
Total	695,274	

(3) The lease contracts of machinery & equipment and motor vehicles signed by the Group as the lessor have no residual value guarantee clauses.

(b) Disposal of fixed assets

	31 December 2019	31 December 2018
Machinery and equipment	14,417	8,071
Transportation equipment	56	56
Office & other equipment	215	202
Special equipment for marine engineering	33	–
Total	14,721	8,329

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21. Construction in progress

(1) Construction in progress

	31 December 2019			31 December 2018		
	Book balance	Impairment provisions	Carrying amount	Book balance	Impairment provisions	Carrying amount
Medium deep and ultra deep water drilling platform project	7,828,456	(1,520,502)	6,307,954	20,878,856	-	20,878,856
Raffles H273, H1284 and H1293 project	2,384,496	(726,851)	1,657,645	2,910,650	(1,026,214)	1,884,436
Eric Low temperature plant renovation project	414,606	-	414,606	75,580	-	75,580
YZTH factory relocation project	238,712	-	238,712	139,611	-	139,611
Dongguan southern CIMC Fenggang phase 2 project	152,301	-	152,301	199,405	-	199,405
Financial information system construction project	120,967	-	120,967	91,707	-	91,707
CIMC Chancheng Shenzhen Bright CIMC Zhiyuan Self-sustaining Industrial Park	88,965	-	88,965	-	-	-
Raffles shore crane project	81,327	-	81,327	-	-	-
Container ship project of financing and leasing company	62,351	-	62,351	-	-	-
TAS Industrial Park Phase III Dormitory project	58,106	-	58,106	44,220	-	44,220
CIMCDV dormitory and office building project	43,818	-	43,818	-	-	-
Humadian CIMC Huajun Lighthouse project	26,337	-	26,337	59,516	-	59,516
WHVS painting line upgrade project	22,284	-	22,284	25,701	-	25,701
Raffles CR600 platform adaptive transformation	18,567	-	18,567	-	-	-
Dongguan Multimodal Transport building project	18,483	-	18,483	18,483	-	18,483
TCCRC workshop renovation project	17,855	-	17,855	10,045	-	10,045
TCCIMC relocation and reconstruction project	16,719	-	16,719	13,411	-	13,411
Zhumadian CIMC Huajun production maintenance investment	16,609	-	16,609	16,193	-	16,193
Eric workshop construction project	13,928	-	13,928	18,532	-	18,532
CIMCNB water-based paint coating line reconstruction and waste treatment project	10,820	-	10,820	-	-	-
Raffles gate 2 comprehensive office building project	8,163	-	8,163	3,344	-	3,344
XHCIMCS production line and power facilities renovation	8,114	-	8,114	7,309	-	7,309
Jiangsu Trailer Leasing transportation equipment renovation project	8,059	-	8,059	5,841	-	5,841
Modern logistic Zhenhua project	6,662	-	6,662	23,423	-	23,423
CIMCSV painting line upgrade	3,981	-	3,981	20,838	-	20,838
QDCRC Plant renovation project	2,794	-	2,794	9,287	-	9,287
Jiangmen Vehicle plant renovation project	939	-	939	14,027	-	14,027
Dongguan CIMC vehicles logistics equipment project	876	-	876	876	-	876
CIMC Tianda Transportation equipment project	-	-	-	20,310	-	20,310
Dongguan Southern CIMC Fenggang project	-	-	-	19,801	-	19,801
C&C Trucks production equipment project	-	-	-	3,516	-	3,516
Others	400,481	(860)	399,621	561,406	(860)	560,546
Total	12,075,776	(2,248,213)	9,827,563	25,191,888	(1,027,074)	24,164,814

As at 31 December 2019, the carrying amounts of construction in progress at the end of the year included accumulated capitalised borrowing cost of RMB1,882,956,000 (31 December 2018: RMB2,222,614,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.59% (2018: 4.69%).

As at 31 December 2019 and 31 December 2018, there was no restricted construction in progress of the Group.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the year

	Budget amount	31 December 2018	Current year additions	Transferred to fixed assets	Transferred to investment properties	31 December 2019	Proportion of incurred to budget amount (%)	Progress of construction	Cumulative capitalised interest	Including: current year capitalised interest	Interest Capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
Medium deep and ultra deep water drilling platform project	21,747,376	20,878,856	1,355,039	(14,534,590)	-	7,828,456	96%	96%	1,589,095	274,936	4.62%	Self-funding & bank loan	129,151
Raffles H273, H1284 and H1293 Project	3,877,131	2,910,650	1,057,297	(1,622,897)	-	2,384,496	96%	97%	267,689	49,252	3.82%	Self-funding & bank loan	39,446
Enric Low temperature plant renovation project	523,330	75,580	373,073	(34,047)	-	414,606	71%	71%	975	975	4.00%	Self-funding & bank loan	-
YZTH factory relocation project	446,456	127,820	215,777	(104,885)	-	238,712	77%	77%	-	-	-	Self-funding	-
Dongguan southern CIMC Fenggang phase 2 project	230,000	22,181	142,485	(12,365)	-	152,301	62%	76%	-	-	-	Self-funding	-
Financial information system construction project	210,419	91,708	29,259	-	-	120,967	57%	91%	-	-	-	Self-funding	-
CIMC Chancheng Shenzhen Bright CIMC Zhiyuan Self-sustaining Industrial Park	1,178,550	-	122,908	(33,943)	-	88,965	10%	33%	2,462	2,462	4.90%	Self-funding & bank loan	-
Raffles shore crane project	93,579	-	81,327	-	-	81,327	87%	87%	4,900	4,900	3.82%	Bank loan	-
Container ship project of financing and leasing company	577,809	-	62,351	-	-	62,351	11%	11%	-	-	-	Self-funding	-
TAS Industrial Park Phase III Dormitory project	150,000	44,220	13,886	-	-	58,106	9%	60%	-	-	-	Self-funding	-
CIMCDV dormitory and office building project	106,890	6,156	64,821	(27,159)	-	43,818	68%	79%	-	-	-	Self-funding	-
Humadian CIMC hua jun Lighthouse project	57,438	59,515	44,214	(77,392)	-	26,337	77%	77%	-	-	-	Self-funding	-
WHVS painting line upgrade project	58,060	25,700	22,280	(25,696)	-	22,284	83%	83%	-	-	-	Self-funding	-
Raffles CR600 platform adaptive transformation	18,567	-	18,338	-	-	18,567	100%	100%	-	-	-	Self-funding	229
Dongguan Multimodal Transport building project	23,000	18,483	-	-	-	18,483	84%	90%	453	453	2.45%	Bank loan	-
TCCRC workshop renovation project	49,018	10,044	11,533	(3,722)	-	17,855	70%	65%	-	-	-	Self-funding	-
TCCIMC relocation and reconstruction project	70,590	13,412	20,048	(16,741)	-	16,719	47%	47%	-	-	-	Self-funding	-
Zhumadian CIMC hua jun production maintenance investment	28,791	16,193	22,060	(21,644)	-	16,609	77%	77%	-	-	-	Self-funding	-

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21. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the year (Continued)

	Budgeted amount	31 December 2018	Current year additions	Transferred to fixed assets	Transferred to investment properties	31 December 2019	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including: current year capitalised interest	Interest capitalisation rate (%)	Source of funds	Currency translation differences
Enric workshop construction project	310,435	18,533	20,132	(24,737)	-	13,928	100%	100%	-	-	-	Self-funding	-
CIMCNB water-based paint coating line reconstruction and waste treatment project	40,462	1,193	9,627	-	-	10,820	23%	77%	-	-	-	Self-funding	-
Raffles gate 2 comprehensive office building project	1,395,673	3,238	4,977	-	-	8,163	1%	1%	-	-	-	Self-funding	(52)
XHCIMCS production line and power facilities renovation	163,720	8,450	18,317	(18,653)	-	8,114	96%	96%	-	-	-	Self-funding	-
Jiangsu Trailer Leasing transportation equipment renovation project	59,820	5,841	34,644	(32,426)	-	8,059	68%	69%	-	-	-	Self-funding	-
Modern logistic Zhenhua project	14,629	9,555	1,293	(4,186)	-	6,662	74%	74%	-	-	-	Self-funding	-
CIMCSV painting line upgrade	90,940	28,024	53,834	(77,877)	-	3,981	59%	59%	-	-	-	Self-funding	-
QDCRC Plant renovation project	44,539	10,434	24,600	(32,240)	-	2,794	79%	72%	-	-	-	Self-funding	-
Jiangmen Vehicle plant renovation project	21,941	14,027	1,941	(15,029)	-	939	73%	73%	-	-	-	Self-funding	-
Dongguan CIMC vehicles logistics equipment project	1,250	876	-	-	-	876	88%	88%	-	-	-	Self-funding	-
CIMC Tianda Transportation equipment project	69,052	20,310	-	(20,310)	-	-	100%	100%	-	-	-	Self-funding	-
Others		770,889	503,733	(867,257)	(275)	400,481			17,382	17,382	4.59%	Self-funding & bank loan	(6,609)
Total		25,191,888	4,329,794	(17,607,796)	(275)	12,075,776			1,882,956	350,360			162,165

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21. Construction in progress (Continued)

(3) Impairment provisions of construction in progress

	Impairment provisions of construction in progress					Reason for provision
	31 December 2018	Current year additions	Current year decrease	Currency translation differences	31 December 2019	
Medium deep and ultra deep water drilling platform project	–	1,496,182	–	24,320	1,520,502	The recoverable amount of water drill platform has decreased
Raffles H273, H1284 and H1293 Project	1,026,214	–	(309,949)	10,586	726,851	Jack-up drilling platform has been transferred to fix asset
Others	860	–	–	–	860	
Total	1,027,074	1,496,182	(309,949)	34,906	2,248,213	

As at 31 December 2019, a provision of RMB1,496,182,000 has been recognized (31 December 2018: RMB991,878,000) and a provision of RMB309,949,000 has been transferred to fix assets (31 December 2018: Nil).

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22. Intangible assets and development expenditures

(1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime space use rights	Franchise rights	Total
Original cost								
31 December 2018	4,252,921	2,194,506	142,723	427,890	339,350	112,252	112,892	7,582,534
Business combination	173,338	169,652	-	38,964	-	-	-	381,954
Additions	525,250	216,813	-	-	-	1,055	-	743,118
Disposals	(369,110)	(11,402)	-	-	-	-	(9,817)	(390,329)
Currency translation differences	128	5,492	3,188	4,498	925	94	(4)	14,321
31 December 2019	4,582,527	2,575,061	145,911	471,352	340,275	113,401	103,071	8,331,598
Accumulated amortization								
31 December 2018	806,615	1,308,244	34,060	270,316	248,250	33,254	15,257	2,715,996
Business combination	16,198	323	-	-	-	-	-	16,521
Additions	134,671	146,952	-	40,127	1,000	1,803	2,764	327,317
Disposals	(94,495)	(1,860)	-	-	-	-	(3,436)	(99,791)
Currency translation differences	84	1,801	755	2,036	924	69	(4)	5,665
31 December 2019	863,073	1,455,460	34,815	312,479	250,174	35,126	14,581	2,965,708
Impairment provisions								
31 December 2018	-	8,224	108,663	36,540	52,264	-	-	205,691
Currency translation differences	-	136	2,433	79	-	-	-	2,648
31 December 2019	-	8,360	111,096	36,619	52,264	-	-	208,339
Carrying amount								
31 December 2019	3,719,454	1,111,241	-	122,254	37,837	78,275	88,490	5,157,551
31 December 2018	3,446,306	878,038	-	121,034	38,836	78,998	97,635	4,660,847

In 2019, amortization expenses of intangible assets amounted to RMB327,317,000 (2018: RMB333,289,000).

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22. Intangible assets and development expenditures (Continued)

(2) As at 31 December 2019, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for unsettlement
SCIMCEL Tangkeng land use right	54,000	in progress
Enric land use right	3,000	in progress
Total	57,000	

After the evaluation of board of directors of the Group, the aforementioned intangible assets with unsettled certificates has no risk of impairment.

(3) As at 31 December 2019, there was no restricted intangible assets (31 December 2018: Nil).

(4) As at 31 December 2019, the intangible asset with indefinite useful lives was Gas station Franchise and a trademark right, which amounted to RMB118,738,000 (31 December 2018: RMB118,961,000).

(5) Development expenditures are as follows:

	31 December 2018	Current year additions	Recognized as intangible assets	31 December 2019
Project on vehicle technology	75,659	45,234	(47,278)	73,615
Others	23,403	4,705	(7,645)	20,463
	99,062	49,939	(54,923)	94,078

In 2019, the Group's development expenditures amounted to RMB1,486,985,000 (2018: RMB1,040,751,000), among which RMB1,437,046,000 (2018: RMB993,416,000) was included in the current profits and losses, and RMB49,939,000 was capitalised as intangible assets in current year (2018: RMB47,335,000). As at 31 December 2019, intangible assets transferred from development expenditures within the Group accounted for 1.06%(2018: 0.34%) of the total book value of intangible assets.

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23. Right-of-use assets

	Plants and buildings	Lands	Offshore engineering equipment	Machinery and equipment	Motor vehicles	Office & other equipment	Total
Original cost							
31 December 2018	–	–	–	–	–	–	–
Changes in accounting policies	203,419	182,392	83,984	299,327	1,230	10,697	781,049
1 January 2019	203,419	182,392	83,984	299,327	1,230	10,697	781,049
Additions from lease contract	342,249	132,104	3,826	24,462	10,044	36,625	549,310
Decrease in current year	(3,203)	–	–	(121,424)	–	–	(124,627)
Currency translation differences	361	2,758	(2,780)	–	–	7	346
31 December 2019	542,826	317,254	85,030	202,365	11,274	47,329	1,206,078
Accumulated depreciation							
31 December 2018	–	–	–	–	–	–	–
Changes in accounting policies	4,428	728	–	117,499	86	5,173	127,914
1 January 2019	4,428	728	–	117,499	86	5,173	127,914
Depreciation recognized in							
current year	91,387	38,560	3,276	10,782	594	1,133	145,732
Decrease in current year	(1,538)	–	–	(37,671)	–	–	(39,209)
Currency translation differences	135	251	41	–	–	3	430
31 December 2019	94,412	39,539	3,317	90,610	680	6,309	234,867
Net book value							
31 December 2019	448,414	277,715	81,713	111,755	10,594	41,020	971,211
31 December 2018	–	–	–	–	–	–	–

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24. Goodwill

	31 December 2018	Current year additions	Current year decrease	Currency translation differences	31 December 2019
Enric	625,401	6,781	–	3,331	635,513
Vehicles UK	336,252	–	–	16,804	353,056
TGE SA	170,556	–	–	(518)	170,038
Bassoe	132,245	–	–	2,175	134,420
Pteris	108,196	–	–	–	108,196
C&C Trucks	132,145	–	–	–	132,145
Hashenleng	103,530	–	–	–	103,530
China Fire Safety	51,265	–	–	–	51,265
Modern Logistic	125,549	14,051	(4,291)	–	135,309
Shanghai Jindun	–	102,998	–	–	102,998
Shenyang Jietong	–	116,726	–	–	116,726
Others	551,441	13,575	–	3,655	568,671
Sub-total	2,336,580	254,131	(4,291)	25,447	2,611,867
Less: impairment provisions					
Bassoe	132,245	–	–	2,175	134,420
C&C Trucks	132,145	–	–	–	132,145
Hashenleng	53,000	15,000	–	–	68,000
TGE SA	–	25,343	–	–	25,343
Modern Logistic	–	4,392	–	–	4,392
Others	64,205	–	–	1,036	65,241
Sub-total	381,595	44,735	–	3,211	429,541
Total	1,954,985				2,182,326

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24. Goodwill (Continued)

(1) Impairment test of goodwill allocated to asset groups

The goodwill allocated to asset groups are summarised by operating segments as follows:

	31 December 2019	31 December 2018
Containers manufacturing asset group	128,836	126,896
Road transportation vehicles asset group	428,389	410,906
Energy, chemical and liquid food equipment asset group	988,822	1,019,571
Logistics services asset group	130,917	118,194
Heavy truck asset group	4,575	–
Airport, fire and automated logistics equipment asset group	393,651	173,927
Asset groups with insignificant allocation percentage of goodwill group	107,136	105,491
Total	2,182,326	1,954,985

When doing goodwill impairment test, the Group compares the carrying amount of the relevant asset or asset group combination (including goodwill) with its recoverable amount. If the recoverable amount was less than the carrying amount, the related difference was recognized in the current profit or loss (Note IV.63). The allocation of the Group's goodwill did not changes in 2019.

(2) The recoverable amount of asset group and combination of asset groups was based on the 3 to 5 years budget approved by the management and was then estimated based on a fixed growth rate (as described in the table below) using the cash flow forecasting method.

The key assumption used in the significant cash generated units value-in-use calculations are as follows:

	Vehicles UK	TGE SA	Pteris	Hashenleng
Forecast period revenue growth rate	(12%)-7%	5%-10%	18%	7%
Stable period revenue growth rate	2%	2%	3.07%	3%
Gross profit rate	8%-9%	18%	18%-19%	31%
Pre-tax discount rate	13%	12.5%	11.47%	13.9%

The management determines the growth rate and gross profit margin based on historical experience and forecasts for market development, and adopts a pre-tax interest rate that reflects the specific risk of the relevant asset group and asset group combination as the discount rate. The stable period revenue growth rate is the weighted average growth rate used by the Group to forecast the cash flow after the 3 to 5 year budget. It is consistent with the forecast data contained in the industry report and does not exceed the long-term average growth rate of each product.

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25. Long-term prepaid expenses

	31 December 2018	Current year additions	Current year amortization	Currency translation differences	31 December 2019
Yard facility expenses	3,594	8,110	(3,382)	225	8,547
Project insurance and commission	180,343	810	(105,239)	394	76,308
Drilling platform mobilization fee (i)	–	476,021	(14,056)	5,803	467,768
Improvements to Right-of-use asset	36,457	23,015	(10,000)	–	49,472
Improvement of engineering vessel	42,171	57,425	(23,989)	11,738	87,345
Others	59,610	65,771	(63,019)	1,352	63,714
Sub-total	322,175	631,152	(219,685)	19,512	753,154
Less: impairment provisions	–	–	–	–	–
Total	322,175	631,152	(219,685)	19,512	753,154

- (i) Drilling platform mobilization fee refers to the crew's labor costs and platform operating expenses incurred before the platform arrive in the specific sea area as agreed in the contract.

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26. 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 2019		31 December 2018	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	2,262,693	489,998	2,292,521	528,871
Accrued liability	912,983	195,506	690,251	150,097
Employee benefits payable	2,146,759	535,272	1,802,294	425,089
Accrued expenses	1,314,284	336,691	660,431	153,943
Deductible losses	3,222,265	648,908	2,754,157	466,237
Fair value changes of derivative financial instruments	4,336	1,084	2,234	559
Fair value changes of other debt investments	7	2	917	229
Right-of-use assets	3,572	893	–	–
Intra-group unrealised revenue	28,047	7,012	84,008	21,002
Others	157,643	47,687	254,007	63,503
Sub-total	10,052,589	2,263,053	8,540,820	1,809,530
Offsetting amount	(1,851,151)	(462,788)	(1,473,052)	(368,263)
Offsetting balances	8,201,438	1,800,265	7,067,768	1,441,267
Including:				
Amount expected to be reversed within 1 year (inclusive)		536,358		618,756
Amount expected to be reversed over 1 year		1,263,907		822,511
		1,800,265		1,441,267

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

- (1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences (Continued)

	31 December 2019		31 December 2018	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Fair value changes of derivative financial instruments	(91,868)	(22,967)	(231,193)	(57,798)
Fair value changes of Investment properties	(1,298,802)	(274,700)	(803,726)	(196,193)
Revaluation gain through combination	(1,030,897)	(238,703)	(887,780)	(222,073)
Debt restructuring income	(1,364,848)	(341,212)	(1,364,848)	(341,212)
Gross profit of overseas projects (pay tax after completion)	(609,947)	(152,487)	(607,860)	(151,965)
Accelerated depreciation of fixed assets	(758,852)	(185,283)	(608,345)	(146,732)
Non-resident foreign companies pay dividends to the Mainland	–	–	(134,928)	(33,732)
Enterprise relocation income	(12,761,554)	(3,190,389)	(3,841,160)	(960,290)
Taxable property sales	(1,140,096)	(260,547)	(326,608)	(81,652)
Interest capitalised	(214,060)	(53,515)	–	–
Others	(235,544)	(73,050)	(50,975)	(12,744)
Sub-total	(19,506,468)	(4,792,853)	(8,857,423)	(2,204,391)
Offsetting amount	1,851,151	462,788	1,473,052	368,263
Offsetting balances	(17,655,317)	(4,330,065)	(7,384,371)	(1,836,128)
Including:				
Amount expected to be reversed within 1 year (inclusive)		(297,667)		(319,605)
Amount expected to be reversed over 1 year		(4,032,398)		(1,516,523)
		(4,330,065)		(1,836,128)

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

(2) Unrecognized deferred tax assets

	31 December 2019	31 December 2018
Deductible losses	2,102,940	2,158,143
Impairment losses of SOE	–	367,116
Impairment losses of timber concession rights	24,705	24,165
Others	146,431	80,763
Total	2,274,076	2,630,187

(3) Maturity of deductible losses that are not recognized as deferred tax assets

	31 December 2019	31 December 2018	Note
2019	–	332,527	
2020	414,753	664,648	
2021	337,526	441,084	
2022	155,058	222,567	1
2023	177,203	177,203	
After 2023	8,499,440	7,966,762	
Total	9,583,980	9,804,791	

Note 1: As at 31 December 2018 and 2019, unrecognized 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.

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

(4) The offsetting balances of deferred tax assets and deferred tax liabilities are as below:

	31 December 2019		31 December 2018	
	Offsetting amount	Offsetting balances	Offsetting amount	Offsetting balances
Deferred tax assets	(462,788)	1,800,265	(368,263)	1,441,267
Deferred tax liabilities	462,788	(4,330,065)	368,263	(1,836,128)

As at 31 December 2019, the Group was subject to an income tax on the difference of tax rates if its subsidiaries in Hong Kong and overseas decide to distribute dividends to the shareholders in mainland China. The temporary difference arising from the undistributed profits of such subsidiaries was approximately RMB2,886,176,000 (31 December 2018: RMB4,679,695,000). Since the Group can control the dividend distribution policy of its subsidiaries and has decided not to distribute dividends in the foreseeable future, the deferred income tax liabilities on such undistributed profits was not recognized.

The Group had no unrecognized deferred tax liabilities other than the mentioned above.

27. Other non-current assets

	31 December 2019	31 December 2018
Prepayment for equity acquisition (i)	–	354,540
Prepayment for equipment	10,771	7,265
Prepayment for land use right	51	6,956
Prepayment for construction	21,694	1,145
Others	26,412	21,848
Total	58,928	391,754

(i) On 31 July 2018 and 19 October 2018, CIMC TianDa, a subsidiary of the Group, entered into the acquisition of 60% of the equity interest in Shenyang Jietong and the 100% of the equity interest in Shanghai Jindun acquire respectively. Pursuant to Equity Transfer Agreement, CIMC TianDa has paid a total of RMB354,540,000 in advance for acquisition of subsidiaries. As at 31 December 2019, The transaction has been completed.

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28. Provision for asset impairment

	31 December 2018	Current year additions	Current year decrease		Current year transfer in/out	Currency translation differences	31 December 2019
			Reversal	Write-off			
Provision for bad debts of notes receivables	-	1,490	-	-	-	2	1,492
Provision for bad debts of accounts receivables	863,462	426,864	(132,454)	(41,115)	20,000	(1,689)	1,135,068
Provision for bad debts of other receivables	425,129	38,731	(6,685)	(203,287)	(20,000)	7,499	241,387
Provision for bad debts of non-current assets due within one year	716,418	147,714	(19,731)	(6,005)	-	-	838,396
Provision for bad debts of long-term receivables	344,049	84,701	(26,583)	(18,070)	-	663	384,760
Impairment provisions of contract assets	37,208	1,189	-	(33,383)	-	155	5,169
Sub-total	2,386,266	700,689	(185,453)	(301,860)	-	6,630	2,606,272
Provision for bad debts of advances to suppliers	41,444	129	(17,738)	(1,733)	-	15,012	37,114
Provision for impairment of inventories and impairment of costs incurred to fulfil a contract	1,330,358	104,320	(86,826)	(41,144)	(785,004)	21,855	543,559
Impairment provisions of long-term equity investments	2,610	149,163	-	-	-	735	152,508
Impairment provisions of fixed assets	489,800	3,534,155	-	(20,297)	1,094,953	65,533	5,164,144
Impairment provisions of construction in progress	1,027,074	1,496,182	-	-	(309,949)	34,906	2,248,213
Impairment provisions of intangible assets	205,691	-	-	-	-	2,648	208,339
Impairment provisions of goodwill	381,595	44,735	-	-	-	3,211	429,541
Sub-total	3,478,572	5,328,684	(104,564)	(63,174)	-	143,900	8,783,418
Total	5,864,838	6,029,373	(290,017)	(365,034)	-	150,530	11,389,690

Please refer to the respective notes of the assets for reasons of the provision.

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29. Restricted assets

As at 31 December 2019, assets with restrictions in their ownership are as follows:

	Note	31 December 2018	Current year additions	Current year decrease	Currency translation differences	31 December 2019
– Cash at bank and on hand	IV.1	1,197,813	832,617	(322,070)	–	1,708,360
– Notes receivables	IV.4	82,963	1,173	(50,212)	–	33,924
– Receivables financing	IV.6	118,026	651,989	(54,410)	–	715,605
– Long-term receivables	IV.17	8,175,480	290,317	(438,037)	–	8,027,760
– Inventories	IV.9	–	8,018,099	–	–	8,018,099
– Fixed assets	IV.20	167,502	–	(127,265)	–	40,237
Total		9,741,784	9,794,195	(991,994)	–	18,543,985

Among them, the restricted monetary funds are deposits and funds deposited in the people's bank of China by subsidiary financial companies. Notes receivables are used for pledging for letter of guarantee and pledging for pool of notes. Receivables financing are unmatured discounted notes with recourse. Long-term receivables and inventories are used for mortgages. The restricted fixed assets are the collateral for long-term payment.

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30. Short-term borrowings

(1) Classification of short-term borrowings

	Note	31 December 2019	31 December 2018
Guaranteed	(a)		
USD		1,175,804	902,830
RMB		1,060,000	947,955
EUR		776,046	372,405
Sub-total		3,011,850	2,223,190
Pledged	(b)		
RMB		27,370	67,900
Unsecured			
USD		5,519,344	12,613,997
EUR		125,003	349,224
GBP		328,474	62,550
RMB		8,317,226	4,358,170
AUD		14,607	1,540
HKD		170,066	45,990
		14,474,720	17,431,471
Sub-total			
Rediscounted notes	(c)	26,795	44,800
RMB			
Discounted notes		16,462	130,860
RMB			
Total		17,557,197	19,898,221

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30. Short-term borrowings (Continued)

(1) Classification of short-term borrowings (Continued)

- (a) As at 31 December 2019, guaranteed borrowings of the Group consisted of the followings: subsidiary Fortune had a loan of EUR24,500,000 (equivalent to RMB191,539,000) and USD145,000,000 (equivalent to RMB1,011,863,000) guaranteed by CIMC Hong Kong; subsidiary Ziegler had a loan of EUR75,020,000 (equivalent to RMB584,507,000) guaranteed by the Company; subsidiary C&C Trucks had a loan of RMB705,000,000 guaranteed by the Company; subsidiary C&C Trucks marketing had a loan of RMB100,000,000 guaranteed by the Company; subsidiary CIMC financing and leasing had a loan of USD23,500,000 (equivalent to RMB163,941,000) and RMB3,000,000 guaranteed by the Company; subsidiary CIMC Raffles had a loan of RMB180,000,000 guaranteed by subsidiary Offshore (Singapore); subsidiary Zhumadian CIMC Huajun Casting Co., Ltd. ("Huajun Casting") had a loan of RMB50,000,000 guaranteed by subsidiary CIMC Vehicles; subsidiary LSDYV had a loan of RMB12,000,000 guaranteed by subsidiary CIMC Vehicles; subsidiary CIMC Tech had a loan of RMB10,000,000 guaranteed by Shenzhen High-Tech Investment and Financing Guarantee Co. Ltd.
- (b) As at 31 December 2019, the pledged loans of the Group was the loans of CIMC Raffles pledged with trade acceptance bill from Bank of Kunlun, amounting to RMB27,370,000.
- (c) As at 31 December 2019, the Group had held the notes that have been discounted but not yet matured to the People's Bank of China for a rediscount amount of RMB26,795,000 with a rediscount rate of 2.25% (31 December 2018: 2.25%).
- (d) As at 31 December 2019, there was no short-term borrowings owed to shareholders holding more than 5% (inclusive) of the voting rights of the Company or related parties.
- (e) As at 31 December 2019, the interest rate of short term borrowing ranged from 1.40% to 6.31% (31 December 2018: 1.40% to 6.40%).

31. Notes payables

	31 December 2019	31 December 2018
Bank acceptance notes	2,356,667	1,572,287
Trade acceptance notes	224,472	317,498
Total	2,581,139	1,889,785

The above notes payables are due within one year.

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32. Accounts payables

	31 December 2019	31 December 2018
Due to raw materials supplies	9,827,823	10,758,110
Project contract charges	1,197,805	797,069
Integrated logistics service charges	759,352	598,652
Equipment procurement charges	593,824	627,542
Project procurement charges	136,533	227,014
Processing charges	67,990	31,264
Transportation charges	58,157	98,615
Others	103,780	72,562
Total	12,745,264	13,210,828

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

	31 December 2019	31 December 2018
Within 1 year (inclusive)	11,802,112	12,532,684
1 to 2 years (inclusive)	510,225	413,234
2 to 3 years (inclusive)	200,371	60,703
Over 3 years	232,556	204,207
Total	12,745,264	13,210,828

As at 31 December 2019, accounts payables over 1 year with a carrying amount of RMB943,152,000 (31 December 2018: RMB678,144,000) were mainly payables related to offshore engineering business, energy and chemical business and building construction business. Since the production cycle of the offshore business engineering project, energy and chemical business and building construction business was usually more than one year, the payables have not yet been settled.

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32. Accounts payables (Continued)

- (2) As at 31 December 2019, there was no accounts payables owed to shareholders holding more than 5% (inclusive) of the voting rights of the Company. Accounts payables owed to related parties are as follows:

Company name	Relationship with the Group	31 December 2019		31 December 2018	
		Amount	% of total balance	Amount	% of total balance
Y&C Engine	Joint venture	266,111	2.09%	70,814	0.54%
Jiangsu Wanjiang	Associate	16,220	0.13%	–	–
Ningguo Guangshen	Associate	9,907	0.08%	1,572	0.01%
Qingchen Bamboo	Associate	6,200	0.05%	2,459	0.02%
Ningbo Mediterranean	Associate	5,537	0.04%	5,993	0.05%
Florens Asset Management (USA), Limited	Subsidiaries of significant shareholders	3,170	0.02%	–	–
Zhejiang Xinlong Bamboo	Associate	2,392	0.02%	–	–
Guangdong Excellence Landscape Design Engineering ("Guangdong Excellence Landscape")	Subsidiaries of minority shareholders	1,976	0.02%	–	–
Qingdao Port Lianhua International Logistics	Associate	1,392	0.01%	632	0.00%
Zhenjiang Shenxing Taibao Technology	Joint venture	719	0.01%	–	–
Nantong Xinyang Environmental Protection Board	Associate	562	0.00%	–	–
Zhaoqing Xiandai Zhumei Home Furnishing	Subsidiaries of minority shareholders	525	0.00%	–	–
Shenzhen Bisheng Development	Subsidiaries of minority shareholders	259	0.00%	–	–
Foshan Shunde Shunyin Green Design Engineering Co., Ltd	Subsidiaries of minority shareholders	141	0.00%	–	–
Shanghai Shenyi Special Vehicle Parts Co., Ltd ("Shanghai Shenyi")	Joint venture	–	–	1,299	0.01%
Senju Jiangmen	Associate	–	–	1,211	0.01%
CMIC	Associate	–	–	136	0.00%
Others		2,426	0.02%	532	0.00%
Total		317,537	2.49%	84,648	0.64%

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33. Advances from customers

	31 December 2019	31 December 2018
Rental advances	40,683	132,001
Total	40,683	132,001

As at 31 December 2019, advances from customers with an age of more than one year were amounting to RMB37,218,000 (31 December 2018: RMB80,530,000), which were mainly advance platform rental payments. As the prepaid rent is amortized over the useful life, the amount is not yet settled and is expected to be deducted within one year.

As at 31 December 2019, there was no advances from customers owed to shareholders holding more than 5% (inclusive) of the voting rights or related parties.

34. Contract liabilities

	31 December 2019	31 December 2018
Advances for goods	4,411,511	4,916,865
Advances for property	2,640,318	1,842,577
Advances for construction	1,881,413	58,964
Advances for trade and logistics	67,579	433,682
Total	9,000,821	7,252,088

In 2019, the contract liabilities amounting to RMB3,135,684,000 (2018: RMB4,283,537,000) which were included in the opening balance, were transferred to revenue from main operation.

Refer to Note V.1, the amount of contract liabilities increased by RMB113,815,000 due to the business combination not under the common control.

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34. Contract liabilities (Continued)

As at 31 December 2019, there was no contract liabilities owed to shareholders holding more than 5% (inclusive) of the voting rights of Company. Contract liabilities owed to related parties are as follows:

Company name	Relationship with the Group	31 December 2019		31 December 2018	
		Amount	% of total balance	Amount	% of total balance
Zhoushan Changhong	Associate	47,192	0.52%	–	–
Hangzhou Yinghe Investment Management Partnership (Limited Partnership)	Joint venture	260	0.00%	–	–
Shenzhen CIMC Central Vehicle Logistics and Smart Transportation Equity Investment Fund Partnership (Limited Partnership)	Joint venture	121	0.00%	–	–
Youjia Intelligent Vehicle Management (Shenzhen) Co., Ltd.	Associate	4	0.00%	–	–
Y&C Engine	Associate	2	0.00%	–	–
Kawasaki Zhenhua Logistics (Tianjin) Co., Ltd.	Joint venture	1	0.00%	–	–
Tianjin Shounong Dongjiang	Associate	1	0.00%	–	–
Tianzhu International	Associate	–	–	32	0.00%
Total		47,581	0.53%	32	0.00%

35. Employee benefits payable

	Note	31 December 2019	31 December 2018
Short-term wages	(1)	3,417,304	3,067,102
Defined contribution plans	(2)	22,903	28,547
Dismission welfare	(3)	1,348	1,169
		3,441,555	3,096,818

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Employee benefits payable (Continued)

(1) Short-term wages

	31 December 2018	Current year additions	Current year decrease	Currency translation differences	31 December 2019
Wages and salaries, bonuses, allowances and subsidies	2,568,211	6,222,139	(5,866,822)	6,920	2,930,448
Profit-sharing and senior management bonus	367,010	–	(24,490)	–	342,520
Housing funds	23,905	230,242	(229,895)	(247)	24,005
Labor union funds and employee education funds	59,115	82,641	(74,811)	276	67,221
Social security contributions and others	9,682	205,414	(204,306)	19	10,809
Including: Medical insurance	5,050	175,572	(174,110)	44	6,556
Work injury insurance	1,974	14,096	(14,245)	(3)	1,822
Maternity insurance	2,658	15,746	(15,951)	(22)	2,431
Other short-term wages	39,179	957,385	(951,231)	(3,032)	42,301
Total	3,067,102	7,697,821	(7,351,555)	3,936	3,417,304

(2) Defined contribution plans

	31 December 2018	Current year additions	Current year decrease	Currency translation differences	31 December 2019
Basic pensions	25,420	439,731	(446,174)	–	18,977
Unemployment insurance	2,503	12,466	(12,437)	–	2,532
Enterprise annuities	624	7,756	(6,986)	–	1,394
Total	28,547	459,953	(465,597)	–	22,903

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35. Employee benefits payable (Continued)

(3) Dismissal welfare

	31 December 2019	31 December 2018
Others (i)	1,348	1,169

(i) As at 31 December 2019, the Group provide other compensation amounting to RMB1,348,000 to compensate for the termination of employment relationship.

Except the salary accrued in the current month and paid in the next month, the rest of the salary, bonus, allowance and subsidy are mainly the Group assessment bonus accrued according to the annual performance assessment scheme and results of the Group but not yet paid.

Enterprise annuity plan is established to safeguard the employee's standard of living after retirement. Every year, companies pay 3% of the total annual wages, and individuals pay 1% of the base. Employees who meet the conditions can choose to draw 0% to 100% of the annuities all at once or in installments based on their length of service. Besides, the fund is managed by hand, when a loss is reported or under special conditions, the payment can be suspended. There is no need to make a supplementary payment.

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 was the unpaid Profit-sharing and senior management bonus accrued in prior years.

36. Taxes payable

	31 December 2019	31 December 2018
Value-added-tax payable	305,371	279,663
Corporate income tax payable	523,033	1,031,831
Withholding individual income tax	32,502	25,208
City maintenance and construction tax payable	38,944	40,387
Educational surcharge payable	29,404	28,804
Land appreciation tax	808,933	689,927
Others	113,584	98,265
Total	1,851,771	2,194,085

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37. Other payables

(1) Other payables

	Note	31 December 2019	31 December 2018
Loan from associates	(3)	3,087,000	–
Advance received		2,546,745	2,576,594
Accruals		2,403,464	1,976,076
Amount due to minority shareholders	(3)	1,700,058	2,217,676
Quality guarantees		555,754	411,952
Transportation expenses		209,806	323,744
Restructuring provisions		175,807	216,839
Restricted stock repurchase		112,449	144,977
Equipment or land use rights		82,639	64,580
Professional and training fees		22,053	5,537
External commission		21,018	2,454
Insurances		18,553	27,893
Housing maintenance fees		970	6,938
Royalties		24	7,323
Interest Payable		240,052	540,524
Including: Interest of redemption rights of strategic investors		–	299,969
Interest of short-term borrowings		52,389	51,000
Interest of corporate bonds		108,268	108,179
Interest of long-term borrowings		79,395	81,376
Dividends due to minority shareholders		58,546	63,088
Others		642,279	750,318
Total		11,877,217	9,336,513

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantees and various deposits.

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37. Other payables (Continued)

- (3) As at 31 December 2019, there was no other payables owed to shareholders holding more than 5% (inclusive) of the voting rights of Company. Other payables owed to related parties are as follows:

Company name	Note	Relationship with the Group	31 December 2019		31 December 2018	
			Amount	% of total balance	Amount	% of total balance
Shangtai Real Estate	(i)	Associate	1,568,000	13.20%	–	–
Shangrong Real Estate	(i)	Associate	1,519,000	12.79%	–	–
Shenzhen Weixin Software Technology Co., Ltd (“Shenzhen Weixin”)	(ii)	Minority shareholder of subsidiary	1,022,260	8.61%	–	–
Country Garden Property and its subsidiaries	(iii)	Minority shareholder of subsidiary	677,798	5.71%	2,193,807	23.50%
LiHua Energy		Associate	33,605	0.28%	33,605	0.36%
Shanghai Feng Yang		Associate	26,390	0.22%	–	–
OOS International B.V.		Associate	19,209	0.16%	1,603	0.02%
Sumitomo Japan		Minority shareholder of subsidiary	18,995	0.16%	–	–
Y&C Engine		Joint venture	7,607	0.07%	7,605	0.08%
Ningbo Mediterranean		Associate	4,000	0.03%	4,000	0.04%
Zhongyi Xinwei		Associate	3,500	0.03%	3,500	0.04%
Ningxia Changming	(iv)	Associate	–	–	11,900	0.13%
Other related parties			1,561	0.01%	335	0.00%
Total			4,901,925	41.27%	2,256,355	24.47%

- (i) As at 31 December 2019, Jixing Development and Jisheng Development, the subsidiaries of the Group, respectively had borrowings amounting to RMB1,519,000,000 and RMB1,568,000,000 from Shangrong Real Estate and Shangtai Real Estate which are the associates of the Group.
- (ii) As at 31 December 2019, Shenzhen Zhicheng and Shanghai Zhifei, the subsidiaries of the Group, respectively had borrowings amounting to RMB658,725,000 and RMB363,535,000 from Shenzhen Weixin which is a minority shareholder of the Group.
- (iii) As at 31 December 2019, CIMC Industrial City, Dongguan Zhengyi, and Leyi Real Estate, the subsidiaries of the Group, respectively had borrowings amounting to RMB638,684,000, RMB39,092,000 and RMB22,000 from Country Garden Property Co., Ltd., which is a minority shareholder.
- (iv) In 2018, Ningxia Changming was an associate of the Group. This year, Ningxia Changming became a subsidiary of the Group.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Provisions

	Note	31 December 2018	Current year additions	Current year payment	Current year reversal	Currency translation differences	31 December 2019
Product warranties	(1)	918,584	480,423	(187,407)	(231,467)	38,121	1,018,254
Loss of pending actions		4,315	52,335	–	–	(10)	56,640
Relocation and liquidation compensation	(2)	104,522	152,213	(16,588)	–	–	240,147
Loss contract	(3)	–	75,058	–	–	425	75,483
Others	(4)	55,853	100,085	(31,688)	(43,649)	11,850	92,451
Total		1,083,274	860,114	(235,683)	(275,116)	50,386	1,482,975

- (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) It is mainly the relocation and liquidation compensation that accrued by some of the subsidiaries of the Group due to relocation and liquidation.
- (3) CIMC Raffles undertook construction contracts. As the construction cost exceeds the price agreed in the contract, it is expected to incur losses. Thus, CIMC Raffles made the estimated provision.
- (4) CIMC Vehicles, one of the subsidiaries, provides the guarantee for the banking loans by which the customers buy vehicle products from CIMC Vehicles. CIMC Vehicles would accrue a provision for the ending balance of the loan guarantee, considering the credit quality.

39. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2019	31 December 2018
Current portion of long-term borrowings	IV .41		
– Unsecured		2,352,784	3,853,624
– Mortgaged		1,809,297	1,460,417
– Guaranteed		5,144,060	279,708
		9,306,141	5,593,749
Current portion of long-term payables		–	–
Finance lease payables		–	83,384
Less: unrealised financing expense		–	(8,585)
Finance lease payables – net		–	74,799
Others		31,890	2,128
		31,890	76,927
Current portion of lease liabilities	IV .43	155,325	–
Current portion of other non-current liabilities	IV .45	123,059	19,553
Debentures payable due within one year		–	7,986,500
Total		9,616,415	13,676,729

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40. Other current liabilities

	31 December 2019	31 December 2018
Ultra short-term financing bonds	–	1,000,000
Others	4,106	24,221
	4,106	1,024,221

41. Long-term borrowings

Classification of long-term borrowings

	Note	31 December 2019	31 December 2018
Bank borrowings			
– Unsecured		6,651,209	6,343,416
– Mortgaged	(i)	7,301,752	4,968,336
– Guaranteed	(ii)	24,129,663	20,051,770
– Pledged	(iii)	2,141,819	–
		40,224,443	31,363,522
Less: current portion of long-term borrowings			
– Unsecured		(2,352,784)	(3,853,624)
– Mortgaged	(i)	(1,809,297)	(1,460,417)
– Guaranteed	(ii)	(5,144,060)	(279,708)
		(9,306,141)	(5,593,749)
Total		30,918,302	25,769,773

(i) As at 31 December 2019, the Group's long-term mortgaged borrowings were comprised of the followings: Subsidiary CIMC financing and leasing borrowed USD532,626,000 (equivalent to RMB3,715,709,000) from the bank, using the contractual object of its finance lease as collateral, and an amount of USD259,352,000 (equivalent to RMB1,809,297,000) will expire within one year; subsidiary CIMC Chancheng used its properties under development as collateral to borrow RMB3,586,043,000 from the bank.

(ii) As at 31 December 2019, the Group's long-term guaranteed borrowings were comprised of the followings: The guaranteed loan of subsidiary Fortune amounted to USD546,450,000 (equivalent to RMB3,813,329,000) which was guaranteed by CIMC Hong Kong, of which the guaranteed loan that expire within one year were USD150,000,000 (equivalent to RMB1,046,755,000); The guaranteed loan of subsidiary Fortune amounted to USD1,894,525,000 (equivalent to RMB13,220,690,000) which was guaranteed by the Company, of which the guaranteed loan that expire within one year were USD555,000,000 (equivalent to RMB3,872,994,000); The guaranteed loan of subsidiary Fortune amounted to USD891,170,000 (equivalent to RMB6,218,911,000) which was guaranteed by the Company and CIMC Hong Kong, of which the guaranteed loan that expire within one year were USD1,000,000 (equivalent to RMB6,978,000); The guaranteed loan of subsidiary CIMC Financing and Leasing guaranteed by CIMC Hong Kong amounted to USD36,303,000 (equivalent to RMB253,257,000), of which the guaranteed loan that expire within one year were USD13,149,000 (equivalent to RMB91,733,000); The guaranteed loan of subsidiary CIMC Chancheng guaranteed by the Company amount to RMB450,735,000, of which the guaranteed loan that expire within one year were RMB125,000,000; The guaranteed loan of subsidiary Tianjin Hongxin Berg guaranteed by Hongxin Berg amount to RMB77,804,000; The guaranteed loan of subsidiary CIMC Huajun Casting guaranteed by CIMC Vehicles amount to RMB69,600,000, of which the guaranteed loan that expire within one year were RMB200,000; The guaranteed loan of subsidiary Gansu CIMC Huajun Vehicle Co., Ltd ("Gansu CIMC Huajun") by CIMC Vehicles amount to RMB9,900,000, of which the guaranteed loan that expire within one year were RMB200,000; The guaranteed loan of subsidiary Dongguan Tech guaranteed by Dongguan Industrial Park and CIMC Tech amounted to RMB5,837,000; The guaranteed loan of subsidiary Qingdao CIMC Environmental Protection Equipment Co., Ltd. Guaranteed by CIMC Vehicles amounted to RMB9,600,000, of which the guaranteed loan that expire within one year were RMB200,000.

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41. Long-term borrowings (Continued)

- (iii) As at 31 December 2019, the Group's long-term pledged borrowings were comprised of the followings: subsidiary CIMC Chancheng borrowed RMB1,800,000,000 from bank with 51% equity of its subsidiary SZ Shangqi and 51% equity of its subsidiary Leyi Real Estate as collateral; subsidiary China Fire Safety borrowed RMB341,819,000 from bank with 60% equity of its subsidiary Shenyang Jietong and 100% equity of its subsidiary Shanghai Jindun as collateral.
- (1) As at 31 December 2019, No amount due to the shareholders who hold more than 5% (inclusive) of the voting rights of the Company or due to related parties was included in the above balance of long-term borrowings. (31 December 2018: Nil).
- (2) As at 31 December 2019, the interest rate of long-term borrowings ranged from 1.20% to 6.87% (31 December 2018: 1.20% to 7.13%).

42. Debentures payable

	Note	31 December 2019	31 December 2018
Medium-term notes	(1)	6,000,000	9,986,500
Corporate bonds	(2)	2,000,000	–
Convertible bond	(3)	14,049	19,275
Less: debentures payable due within one year		–	(7,986,500)
Total		8,014,049	2,019,275

- (1) Medium-term notes:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
18 CIMC MTN001 (i)	2,000,000,000	17/10/2018	3 years	2,000,000,000
19 CIMC MTN001 (ii)	2,000,000,000	15/04/2019	3 years	2,000,000,000
19 CIMC MTN002 (iii)	2,000,000,000	15/10/2019	3 years	2,000,000,000
Total	6,000,000,000			6,000,000,000

- (i) The Company issued medium-term notes (MTN) with an amount of RMB2 billion on 17 October 2018; with par value and issue price of RMB100 respectively per note and fixed interest rate of 4.29% per annum. Interest was to be paid on 17 October each year in the arrears until redemption and par value to be paid on 17 October 2021. The notes are unsecured and targets institutional investors in the national inter-bank market.
- (ii) The Company issued medium-term notes (MTN) with an amount of RMB2 billion on 15 April 2019; with par value and issue price of RMB100 respectively per note and fixed interest rate of 4.05% per annum. Interest was to be paid on 15 April each year in the arrears until redemption and par value to be paid on 15 April 2022. The notes are unsecured and targets institutional investors in the national inter-bank market.
- (iii) The Company issued medium-term notes (MTN) with an amount of RMB2 billion on 15 October 2019; with par value and issue price of RMB100 respectively per note and fixed interest rate of 3.64% per annum. Interest was to be paid on 15 October each year in the arrears until redemption and par value to be paid on 15 October 2022. The notes are unsecured and targets institutional investors in the national inter-bank market.

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42. Debentures payable (Continued)

(2) Corporate bonds:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
China International Marine Containers (Group) Co., Ltd. on 2019 public offering of corporate bonds (tranche I) for qualified investors	2,000,000,000	15/10/2019	3 years	2,000,000,000
Total	2,000,000,000			2,000,000,000

The Company publicly issued 2019 Corporate Bonds (Tranche I) to qualified investors with an amount of RMB2 billion on 15 October 2019; with par value and issue price of RMB100 respectively per bond and fixed interest rate of 3.63% per annum. Interest was to be paid annually and par value to be paid on 15 October 2022.

(3) Convertible bonds

On 23 April 2018, CIMC TianDa (formerly known as China Fire Safety Enterprise Group Limited), a subsidiary of the Group, issued convertible bonds to Sharp Vision, a subsidiary of the Group, and third parties as partial consideration for the stock exchange agreement. The convertible bonds are to be matured on 22 April 2048. They bear interest of 0.1% (the effective rate was 10.64%) per annum, payable annually in arrear on each anniversary from the issue date until the conversion or redemption. Subject to the terms and condition of the convertible bonds, each bondholders has the right to convert the bonds into shares of CIMC TianDa at any time from the issue date to maturity date, at a conversion price of RMB0.3111 per share (the "Initial Conversion Price", HKD0.366 per share at the agreed fixed exchange rate of HKD1: RMB0.85).

The estimated fair value of the convertible bonds issued, was calculated using the Binomial Pricing Model, including portion of equity and liabilities. The value of the liability component of the convertible bond held by a third party is as follows:

	Held by other third party
Fair value of the convertible bonds at date of issue	573,905
Liability component at date of issue	31,458
Conversion into shares of CIMC TianDa	(20,032)
Interest charged	3,120
Interest payable	(497)
Liability component at 31 December 2019	14,049

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43. Lease liabilities

	31 December 2019	31 December 2018
Lease liabilities	823,289	–
Less: Current portion of lease liabilities due within one year (Note IV.39)	(155,325)	–
	667,964	–

44. Deferred income

	Note	31 December 2018	Current year additions	Current year decrease	31 December 2019	Reason
Government grants	(1)	1,369,749	131,441	(412,596)	1,088,594	Government Grants received, to be recognized in future periods
Others		716	7,916	(621)	8,011	Outright sale of operating leasing receivables, to be recognized in future periods
Total		1,370,465	139,357	(413,217)	1,096,605	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Deferred income (Continued)

(1) Government grants

	31 December 2018	Increase in current year	Decrease in the current year Other income	Gains on disposals of assets	Other decrease	31 December 2019	Asset related/ Income related
CIMC Raffles National Development and Reform Commission on the release of industrial upgrading project budget report	200,000	-	-	-	-	200,000	Asset related
Eric relocation compensation	169,988	-	(7,132)	-	-	162,856	Asset related
YZTH relocation compensation	398,872	5,158	(182,431)	(58,030)	(21,612)	141,957	Asset related & Income related
Eric new factory government grants	73,458	-	(3,469)	-	-	69,989	Asset related
CIMC Offshore Holdings natural gas hydrate drilling and mining equipment research and development project	47,759	-	(372)	-	-	47,387	Asset related
CIMC Offshore Holdings marine engineering intelligent key technology research and system development project	43,245	-	-	-	-	43,245	Asset related
Shaanxi CIMC Vehicles Industry Garden construction grants	42,900	-	(702)	-	-	42,198	Income related
TAS industrial base project	26,969	-	(1,452)	-	-	25,517	Asset related
C&C Trucks government build donation	26,397	-	(924)	-	-	25,473	Asset related
QDCRC world bank foaming equipment project	25,226	-	(2,311)	-	-	22,915	Asset related
CIMC Raffles Seventh Generation Super Deep-water Drilling Platform (Boat) Innovation Special	-	38,182	(20,982)	-	-	17,200	Income related
Shenyang Jietong factory demolition government grants	-	16,903	(404)	-	-	16,499	Asset related
EMA deep-water semi-submersible support platform project	15,725	6,659	(8,560)	-	-	13,824	Asset related
CIMC Raffles Marine Engineering Equipment Testing and Testing Platform Construction	15,222	-	(2,550)	-	-	12,672	Asset related
QDSCR world bank foaming equipment project	12,352	-	(1,132)	-	-	11,220	Asset related
Taicang CIMC Special Logistics Equipment Co., Ltd.	10,788	-	(304)	-	-	10,484	Asset related
TCCIMC land compensation	9,337	-	(263)	-	-	9,074	Asset related
XHCIMCS Zhujiang river bank advanced equipment manufacturing special fund	8,440	-	-	-	-	8,440	Asset related
CQLE Land grant fee refund	7,620	-	(201)	-	-	7,419	Asset related
High-end marine engineering equipment innovation capacity building project	7,000	-	-	-	-	7,000	Asset related
CIMC Raffles Marine Equipment Virtual Reality Training R&D Center	7,212	-	(319)	-	-	6,893	Asset related
NTCIMCS major achievements transformation project	6,681	-	-	-	-	6,681	Income related
CIMC Offshore Holdings offshore test platform project	5,844	2,000	(1,305)	-	-	6,539	Asset related
CIMC Offshore Holdings Gas hydrate test production platform safety guarantee technology and early engineering	-	6,000	-	-	-	6,000	Asset related & Income related
CIMC Raffles New Material Production and Application Demonstration Platform Construction Project	-	5,252	-	-	-	5,252	Income related
CIMC Offshore Holdings engineering equipment localization-Deep sea testing ground	-	5,000	(313)	-	-	4,687	Asset related & Income related

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44. Deferred income (Continued)

(1) Government grants (Continued)

	31 December 2018	Increase in current year	Decrease in the current year Other income	Gains on disposals of assets	Other decrease	31 December 2019	Asset related/ Income related
TAS information technology development special fund	5,356	-	(724)	-	-	4,632	Asset related
Zhenhua Group Drop and Pull Transport program	6,080	-	(1,493)	-	-	4,587	Income related
Shenyang Jietong Technological transformation subsidies	-	4,935	(630)	-	-	4,305	Income related
MEA-other	5,218	-	(1,283)	-	-	3,935	Income related
CIMC Raffles research and development fund of key technologies for integrated disassembly of super large offshore oilfield facilities	-	3,871	-	-	-	3,871	Income related
Land supporting funds and technical R&D funds of Shandong vehicles	3,820	-	(225)	-	-	3,595	Asset related
MEA special funds to support industrial innovation	3,680	-	(626)	-	-	3,054	Asset related
Shenzhen Super Luxury Yacht R&D Design Laboratory Project	4,003	-	(1,026)	-	-	2,977	Asset related
Development of Wireless Extended Observation System for Submarine Observation Network	-	2,286	(68)	-	-	2,218	Asset related & Income related
Shenzhen Star Base Equipment and Technology Engineering Laboratory Project	3,083	-	(1,000)	-	-	2,083	Asset related
A variety of communication interface special equipment controller and system industrialization project	3,180	-	(1,363)	-	-	1,817	Asset related
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	1,804	-	(227)	-	-	1,577	Asset related
C&C Truck equipment finance lease subsidies	1,488	-	-	-	-	1,488	Asset related
Jiajing Technology key Industry Technology Research Institute technical support	3,786	-	(3,110)	-	-	676	Asset related
TAS technology development fund	692	-	(97)	-	-	595	Asset related
MEA received the special fund/cloud platform project of the independent innovation demonstration zone	10,301	-	(10,251)	-	-	50	Asset related
Eric's green platform for liquefied gas storage and transportation equipment based on reduced design ("Green Manufactory")	5,200	-	(5,200)	-	-	-	Asset related
Ningbo Container Manufacture industry support funds	38,000	-	-	-	(38,000)	-	Income related
Others	113,023	35,195	(32,505)	-	-	115,713	Asset related/ Income related
Total	1,369,749	131,441	(294,954)	(58,030)	(59,612)	1,088,594	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Other non-current liabilities

	Note	31 December 2019	31 December 2018
Rental advances	(1)	105,081	11,241
Interest rate swap contract	IV.3(3)	40,275	8,499
Capital increment from strategic investors	(2)	–	1,249,826
Commitment of dividends to minority shareholders		–	487,632
Others	(3)	1,360,724	373,809
		1,506,080	2,131,007
Less: Current portion of other non-current liabilities			
Others		(123,059)	(19,553)
		1,383,021	2,111,454

(1) The rent received in advance is mainly the advance payment received by Dongguan Industrial Park from Shenzhen Shunfeng Tyson Holdings Co., Ltd. for the lease of CIMC Zhigu Phase III property. The term of lease is 20 years.

(2) As at 18 December 2015, Shanghai Taifuxiangzhong Private Equity Fund (Limited Partnership), Nanshan Dacheng New Material Investing Partnerships (LLP), Sumitomo Corporation and Shenzhen Dragon-Source Harbor City Investing Development Co., Ltd. (together referred to as "new strategic investors") entered an additional investment on CIMC Vehicles (Group) Co., Ltd. (referred to as "Hi") contract with the Company, China Resources Shenzhen International Trust Investment Co., Ltd. and China International Marine Containers (Hong Kong) Limited (together referred to as "original shareholders"); in January 2016, new strategic investors provided additional investment on CIMC Vehicles amounted USD166,173,000 (equivalent to RMB1,089,580,000), and USD15,233,000 (equivalent to RMB100,000,000) respectively; In December 2015, new strategic investors provide additional investment on CIMC Vehicles amounted to USD9,288,117 (equivalent to RMB60,246,000, based on the investing payment date exchange rate) and RMB100,000,000 respectively; after the additional investing, their shares on CIMC Vehicles will be 16.822%, 1.544%, 0.929% and 1.544% of whole CIMC Vehicles shares. Also, the contract regulates that if CIMC Vehicles cannot launch a valid IPO before 31 December 2020, new strategic investors (except Shenzhen Drag-on-Source Harbor City Investing Development Co., Ltd.) would have the right to ask the Company to re-purchase their shares on CIMC Vehicles in the form of cash. The repurchase price should be the sum of (a) the subscription price that the individual new strategic investor actually paid in this additional investing and (b) the total interest calculated based on 8% single interest per year and the period covered from the date of the subscription price actually paid to the date the controlling shareholders fully pay the repurchase amount.

Due to the existence of the repurchase right, the equity portion of the CIMC Vehicles corresponding to the repurchase right was initially recognized as liability. On July 11, 2019, the CIMC Vehicles completed its listing, and the repurchase rights previously agreed upon by the strategic investor was automatically lapsed, and the capital increase of strategic investors originally included in other current liabilities was automatically converted to capital reserve (31 December 2018: RMB1,249,826,000).

(3) Others were mainly comprised of the followings: the Group's subsidiaries Hongxin Berg and Tianjin Hongxin Berg as the original equity holders, issued the "Zhongtai Securities-Xingzhen Asset Management-Hongxin Berg Leasing Asset Support Special Plan" RMB156,783,000, and an amount of RMB101,473,000 will expire within one year; subsidiary CIMC Chancheng issued the "Zhonglian Qianhai Open Source-CIMC Industry City Industrial Park No. 1 Phase I Asset Support Special Plan" with an amount of RMB331,305,000; subsidiary CIMC Chancheng, as an inferior partner, issued the "CIMC Agricultural Bank-CIMC Industrial Park Special Investment Fund" with an amount of RMB800,000,000.

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46. Share capital

	31 December 2018 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2019 '000
Shares subject to trading restriction					
– Held by domestic natural person(i)	762	88	–	–	850
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,267,650	256,112	–	–	1,523,762
– Foreign shares listed overseas	1,716,577	343,315	–	–	2,059,892
Total	2,982,889	599,515	–	–	3,584,504

- (i) On 27 March 2019, board of directors proposed to distribute a cash dividend of RMB0.55 per share to the all shareholders without bonus shares, and additional 2 new shares will be issued to all shareholders for every 10 shares being held by way of conversion of capital surplus. On 21 June 2019, the company has finished conversion of capital surplus, including held by domestic natural person RMB142,000, RMB-denominated RMB253,631,000, foreign shares listed overseas RMB343,315,000, totally RMB597,088,000.

	31 December 2017 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2018 '000
Shares subject to trading restriction					
– Held by domestic natural person	499	338	–	(75)	762
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,265,813	2,100	(338)	75	1,267,650
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
Total	2,982,889	2,438	(338)	–	2,984,989

The par value of the aforesaid shares was RMB1.00.

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47. Other equity instruments

	31 December 2018	Current Year issuance	Interest at par value	Paid in current year	Other current year additions	31 December 2019
18 CIMC MTN002	2,006,165	–	103,400	(103,400)	–	2,006,165
18 First phase renewable corporate bond	2,001,380	–	97,000	(97,000)	–	2,001,380
Total	4,007,545	–	200,400	(200,400)	–	4,007,545

	31 December 2017	Current Year issuance	Interest at par value	Paid in current year	Other current year additions	31 December 2018
15 CIMC MTN001	2,033,043	–	51,900	(2,103,800)	18,857	–
18 CIMC MTN002	–	1,987,264	18,901	–	–	2,006,165
18 First phase renewable corporate bond	–	1,994,340	7,040	–	–	2,001,380
Total	2,033,043	3,981,604	77,841	(2,103,800)	18,857	4,007,545

On 24 October 2018, the Group issued unsecured perpetual bond at par value of RMB2,000 million (“**18 CIMC MTN002**”). The net value amounted to RMB1,987,264,000 after the deduction of issue expenses. The equity instrument was issued for common corporate financing. The interest rate is 5.17% per annum at the first 3 interest-bearing year. From 26 October 2019, the interest will be paid once a year and the Group can choose to defer the payment. In the fourth interest-bearing year, the coupon rate is reset every 3 years. This instrument has no settled maturity date, and the Group can choose to redeem at the par value together with any accrued, unpaid or deferred interest after 26 October 2021 or later every three interest-bearing years. Before the settlement of deferred interest (including the interest of deferred interest), the issuer cannot distribute dividend, reduce capital or others.

On 3 December 2018, the Group issued unsecured perpetual bond at par value to the qualified investors of RMB2,000 million (“**18 First phase renewable corporate bond**”). The net value amounted to RMB1,994,340,000 after the deduction of issue expenses. The equity instrument was issued for common corporate financing. The interest rate is 4.85% per annum at the first 3 interest-bearing years. This instrument has no settled maturity date, and the Group can choose to redeem at the par value together with any accrued, unpaid or deferred interest after 5 December 2021 or later every three interest-bearing years.

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48. Capital reserve

	31 December 2018	Current year additions	Current year decrease	31 December 2019
Capital surplus	3,686,478	34,544	(597,088)	3,123,934
Other capital reserve:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	405,370	39,326	(16,431)	428,265
– Capital reserve due to share option exercised by subsidiary	10,095	–	(1,487)	8,608
– Capital reserve due to minority shareholders' contribution	1,396,843	77,685	(62,016)	1,412,512
Including: restricted stock incentive plan by subsidiary	(2,505)	–	–	(2,505)
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	892,786	24,123	(973)	915,936
– Capital reserve due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital reserve due to acquiring minority shareholders' equity	(528,433)	506	–	(527,927)
– Capital reserve due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital reserve due to acquisition or establishment of subsidiary	(107,258)	–	–	(107,258)
– Recognition of buy-back right granted to minority shareholders	(1,249,826)	1,249,826	–	–
– Others	129,851	4,896	–	134,747
Total	4,128,400	1,430,906	(677,995)	4,881,311

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48. Capital reserve (Continued)

	31 December 2017	Current year additions	Current year decrease	31 December 2018
Capital surplus	3,664,244	41,091	(18,857)	3,686,478
Other capital reserve:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	400,716	20,578	(15,924)	405,370
– Capital reserve due to share option exercised by subsidiary	15,168	–	(5,073)	10,095
– Capital reserve due to minority shareholders' contribution	1,437,005	142,472	(182,634)	1,396,843
Including: restricted stock incentive plan by subsidiary	–	142,472	(144,977)	(2,505)
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	904,900	8,702	(20,816)	892,786
– Capital reserve due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital reserve due to acquiring minority shareholders' equity	(526,854)	–	(1,579)	(528,433)
– Capital reserve due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital reserve due to acquisition or establishment of subsidiary	(51,925)	–	(55,333)	(107,258)
– Recognition of buy-back right granted to minority shareholders	(1,249,826)	–	–	(1,249,826)
– Others	123,741	6,110	–	129,851
Total	4,209,663	218,953	(300,216)	4,128,400

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49. Other comprehensive income

	2019					
	31 December 2018	Pre-tax amount incurred	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	31 December 2019
Item that will not be reclassified to profit or loss:						
– Changes in fair value of other equity investments	280,741	236,677	–	236,677	–	517,418
Item that may be reclassified subsequently to profit or loss:						
– Property revaluation reserve	43,754	–	–	–	–	43,754
– Cash flow hedges	2,720	(167)	25	(142)	–	2,578
– Changes in fair value of other debt investments	1,599	911	(228)	683	–	2,282
– Currency translation differences	(11,315)	539,139	–	451,187	87,952	439,872
– Transfer of other comprehensive income from the sale of investment properties	(39,086)	–	–	–	–	(39,086)
– The share of other comprehensive income that will be reclassified into profit or loss under equity method	16,448	–	–	–	–	16,448
– The amount greater than the book value on the conversion date when the self-use real estate was converted to investment properties using fair value measurement	543,850	412,336	(113,217)	188,210	110,909	732,060
	838,711	1,188,896	(113,420)	876,615	198,861	1,715,326

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49. Other comprehensive income (Continued)

	2018							31 December 2018
	31 December 2017	Changes in accounting policies	1 January 2018	Pre-tax amount incurred	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	
Item that will not be reclassified to profit or loss:								
– Changes in fair value of other equity investments	–	453,568	453,568	(172,827)	–	(172,827)	–	280,741
Item that may be reclassified subsequently to profit or loss:								
– Property revaluation reserve	43,754	–	43,754	–	–	–	–	43,754
– Changes in fair value of available-for-sale financial assets	(2,776)	2,776	–	–	–	–	–	–
– Cash flow hedges	3,734	–	3,734	(1,193)	179	(1,014)	–	2,720
– Changes in fair value of other debt investments	–	–	–	2,132	(533)	1,599	–	1,599
– Currency translation differences	(288,833)	–	(288,833)	341,372	–	277,518	63,854	(11,315)
– Transfer of other comprehensive income from the sale of investment properties	(39,086)	–	(39,086)	–	–	–	–	(39,086)
– The share of other comprehensive income that will be reclassified into profit or loss under equity method	16,448	–	16,448	–	–	–	–	16,448
– The amount greater than the book value on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	486,062	–	486,062	125,315	(31,335)	57,788	36,192	543,850
	219,303	456,344	675,647	294,799	(31,689)	163,064	100,046	838,711

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50. Surplus reserve

	31 December 2018	Current year additions	Current year decrease	31 December 2019
Statutory surplus reserve	1,492,493	299,758	–	1,792,251
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,282,585	299,758	–	3,582,343

	31 December 2017	Current year additions	Current year decrease	31 December 2018
Statutory surplus reserve	1,491,443	1,050	–	1,492,493
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,281,535	1,050	–	3,282,585

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year (including shareholder and other equity holders of the Company) to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital.

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

51. Undistributed profits

	Note	2019	2018
Undistributed profits at the beginning of the year		22,082,769	19,734,494
Changes in accounting policies		–	(146,737)
Undistributed profits at the beginning of the year		22,082,769	19,587,757
Add: net profit attributable to the shareholders and other equity holders of the Company for the current year		1,542,226	3,380,436
Less: influence of issuing perpetual bonds		(200,400)	(77,841)
Less: appropriation for surplus reserve		(299,758)	(1,050)
Less: ordinary share dividends payable	(1)	(1,641,980)	(806,533)
Undistributed profits at the end of the year		21,482,857	22,082,769

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51. Undistributed profits (Continued)

(1) Dividends of ordinary shares declared during the year

	2019	2018
Dividends proposed but not declared	–	–
Total proposed dividends in the year	1,641,980	806,533

Approved by the shareholders' general meeting on 3 June 2019, the Company distributed cash dividends to ordinary shareholders on 28 June 2019, at RMB0.55 per share (2018: RMB0.27 per share), totaling RMB1,641,980,000 (2018: RMB806,533,000).

52. Revenue and cost of sales

	2019	2018
Revenue from main operations	83,883,719	91,482,249
Revenue from other operations	1,931,622	2,015,373
Total	85,815,341	93,497,622
Cost of sales from main operations	72,325,517	78,710,264
Cost of sales from other operations	1,030,088	876,144
Total	73,355,605	79,586,408

(1) Revenue and cost of sales from main operations by industries and by products

	2019		2018	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers manufacturing	19,370,186	18,036,398	30,464,969	27,969,140
Road transportation vehicles	22,771,079	19,879,461	23,664,329	20,624,896
Energy, chemical and food equipment	14,563,778	12,019,942	13,660,325	11,220,126
Logistics services	9,055,183	8,252,052	8,542,388	7,839,944
Airport, fire and automated logistics equipment	5,680,794	4,461,808	4,226,984	3,428,707
Heavy truck	2,391,293	2,111,644	2,319,494	2,168,724
Finance and asset management	1,606,849	1,029,809	2,019,373	1,225,044
Offshore engineering	3,797,528	3,509,354	1,563,021	1,538,716
Real estate	1,414,833	635,585	2,868,680	1,514,313
Others	3,232,196	2,389,464	2,152,686	1,180,654
Total	83,883,719	72,325,517	91,482,249	78,710,264

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52. Revenue and cost of sales (Continued)

(2) Revenue and cost of sales from main operations by locations

	2019		2018	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R China (PRC)	71,618,204	61,498,165	79,720,654	68,381,014
Europe	6,247,659	5,471,456	6,069,969	5,183,829
America	4,737,820	4,253,157	4,212,951	3,847,300
Asia (except for PRC)	878,255	735,221	1,032,071	893,110
Others	401,781	367,518	446,604	405,011
Total	83,883,719	72,325,517	91,482,249	78,710,264

The revenue and cost of sales from main operations by locations was determined on the location at which the services were provided or the goods were delivered.

(3) Revenue and cost of sales from other operations

	2019		2018	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sale of raw materials	749,265	510,380	679,124	453,501
Rental income (i)	336,129	78,910	185,565	15,786
Rendering of services	846,228	440,798	1,150,684	406,857
Total	1,931,622	1,030,088	2,015,373	876,144

- (i) The Group's rental income comes from leasing its self-owned houses and buildings, machinery and equipment and transportation vehicles. In 2019, the variable rent recognized based on a certain percentage of the lessee's sales in the rental income was Nil.

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52. Revenue and cost of sales (Continued)

(4) Revenue by categories

	2019										
	Containers manufacturing	Road transportation vehicles	Energy, chemical and liquid food equipment	Offshore engineering	Airport, fire and automated logistics equipment	Heavy truck	Logistics services	Real estate	Finance and asset management	Others	Total
Revenue from main operations											
Including:											
Recognized at a point in time	19,370,186	22,619,276	9,961,164	433,282	4,945,269	2,391,293	-	1,414,833	5,803	3,232,196	64,373,302
Recognized over time	-	151,803	4,602,614	2,286,576	735,525	-	9,055,183	-	47,572	-	16,879,273
Lease income	-	-	-	1,077,670	-	-	-	-	1,553,474	-	2,631,144
	19,370,186	22,771,079	14,563,778	3,797,528	5,680,794	2,391,293	9,055,183	1,414,833	1,606,849	3,232,196	83,883,719

	2018										
	Containers manufacturing	Road transportation vehicles	Energy, chemical and liquid food equipment	Offshore engineering	Airport, fire and automated logistics equipment	Heavy truck	Logistics services	Real estate	Finance and asset management	Others	Total
Revenue from main operations											
Including:											
Recognized at a point in time	30,464,969	23,558,821	9,756,152	98,138	3,651,373	2,319,494	-	2,868,680	2,932	2,152,686	74,873,245
Recognized over time	-	105,508	3,904,173	1,398,135	575,611	-	8,542,388	-	35,576	-	14,561,391
Lease income	-	-	-	66,748	-	-	-	-	1,980,865	-	2,047,613
	30,464,969	23,664,329	13,660,325	1,563,021	4,226,984	2,319,494	8,542,388	2,868,680	2,019,373	2,152,686	91,482,249

As at 31 December 2019, the amount of revenue corresponding to the performance obligations of the Group that have signed the contract but not yet fulfilled or not fulfilled was RMB9,000,821,000 (31 December 2018: RMB7,252,088,000), of which the Group expected that RMB8,800,251,000 will be recognized in 2020, RMB5,076,000 will be recognized in 2021, and RMB195,494,000 will be recognized in 2022.

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53. Taxes and surcharges

	2019	2018	Standard
City maintenance and construction tax	139,253	121,161	7% of VAT
Educational sur-charge	106,749	90,326	3% – 5% of VAT paid
Tenure tax	103,425	120,823	Actual using area of land and unit tax
Land appreciation tax	206,610	478,144	Appreciation amount in transferring property and applicable tax rate
Housing property tax	91,157	93,174	Real estate surplus or property rental income and applicable tax rate
Stamp Duty	46,160	42,993	Amount or number of taxable voucher and applicable tax rate or unit tax
Others	13,414	8,936	
Total	706,768	955,557	

54. Selling and distribution expenses

	2019	2018
Employ benefits	1,019,261	841,175
Selling operation	416,753	325,171
Warranty	248,956	160,559
Storage	79,552	41,099
Product maintenance fee	61,934	47,754
Agency fees	52,637	45,965
Advertising	48,267	54,597
External sales commission	29,131	101,775
Transportation and distribution expenses	12,618	38,476
Right of use assets depreciation	5,317	–
Others	322,847	87,689
Total	2,297,273	1,744,260

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55. General and administrative expenses

	2019	2018
Employ benefits	2,572,908	2,596,090
Performance bonus and profit sharing bonus	459,672	540,381
Agency fees	371,310	361,257
Amortization	264,996	272,857
Depreciation	170,231	267,330
Entertainment fee	153,736	145,269
Travel expenses	130,585	124,951
Rental	124,833	177,405
Low-value consumables and materials consumed	87,239	102,151
Taxes and surcharges	67,297	123,756
Share-based payment expenses	57,369	29,960
Right of use assets depreciation	45,894	–
Audit fee	11,410	15,150
Insurance, external repairing expenses and others	686,791	402,433
Total	5,204,271	5,158,990

56. Research and development expenses

	2019	2018
Research and development labor costs	570,448	431,430
Direct material consumption	471,128	353,070
Design fee	129,000	67,584
Depreciation and amortization	118,257	33,633
Testing fee	73,997	63,722
Right of use assets depreciation	45	–
Others	74,171	43,977
Total	1,437,046	993,416

57. Financial expenses

	2019	2018
Interest expenses	2,792,116	2,602,562
Add: Interest expense on lease liabilities	24,558	–
Less: capitalised borrowing costs	(1,181,927)	(674,502)
Sub-total	1,634,747	1,928,060
Less: interest income	(490,214)	(590,292)
Net exchange (gains)	(25,325)	(314,994)
Others	156,957	136,122
Total	1,276,165	1,158,896

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58. Expenses by nature

Costs of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in income statement presented by nature are analysed as follows:

	2019	2018
Finished goods and work-in-progress movement	(948,951)	(1,101,778)
Consumption of raw materials and low priced and easily worn articles, etc	65,267,986	70,382,585
Salary and wages	8,159,122	8,839,348
Depreciation and amortization	2,632,557	2,256,534
Right of use assets depreciation	145,732	–
Rental	283,315	339,514
Shipping and handling charges	1,414,934	1,591,078
Selling operation expenses	416,753	325,171
Power expenses	710,855	796,409
Processing and repairing expenses	753,735	908,092
Audit fee	11,410	15,150
Other expenses-other research and development expenses	277,167	199,042
Other expenses-other manufacturing expenses	650,493	601,865
Other expenses-other selling and distribution expenses	742,882	467,203
Other expenses-other general and administrative expenses	1,776,205	1,862,861
	82,294,195	87,483,074

As mentioned in Note II.27, the Group directly includes the rental expenses of short-term leases and low-value leases in the current profit and loss, and the amount for 2019 was RMB283,315,000.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Fair value (losses)/gains

	2019	2018
Financial assets at fair value through profit or loss		
– Changes in fair value during the year		
1. Fair value gains on equity instruments held for trading	9,248	2,800
2. Fair value gains on debt instruments held for trading	18,578	–
3. Fair value losses on derivative financial instruments	(266,311)	(198,596)
– Gains for derecognized financial assets at fair value through profit or loss	73,143	226,918
Sub-total	(165,342)	31,122
Investment properties at fair value	33,156	55,223
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the year		
1. Fair value losses on derivative financial instruments	(41,217)	(338,398)
2. Fair value gains on financial guarantee contracts	14,110	12,433
– Gains for derecognized financial liabilities at fair value through profit or loss	2,541	–
Sub-total	(24,566)	(325,965)
Total	(156,752)	(239,620)

60. Investment income/(losses)

Investment income/(losses) by categories

	2019	2018
Income from Financial assets held for trading during the holding period	15,474	–
(Loss)/income from disposal of financial assets/liabilities held for trading	(19,500)	32
Dividend income from investments in other equity instruments	40,663	7,655
Loss from disposal of derivative financial instruments	(53,643)	(226,950)
Income from long-term equity investments under equity method	34,819	166,415
Income from disposal of long-term equity investment	352,525	113,061
Loss from step-by-step acquisition of changes in the fair value of the original equity	–	(158,226)
Others	(43,402)	15,984
Total	326,936	(82,029)

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Gains on disposals of assets

	2019	2018	Amount recognized in non-recurring profit or loss in 2019
Gains on disposals of fixed assets	73,473	114,381	73,473
Loss on disposals of fixed assets	(18,759)	(11,313)	(18,759)
Gains on disposals of intangible assets (i)	8,928,037	5,138,843	7,643
Loss on disposals of intangible assets	(174)	–	(174)
Total	8,982,577	5,241,911	62,183

- (i) As at 29 September 2019, Shenzhen Nanfang CIMC Container Manufacturing Co., Ltd. ("SCIMC"), a wholly-owned subsidiary of the Group, entered into Land Preparation Agreement with Shenzhen Planning and Natural Resources Bureau and Qianhai Authority, agreeing that three pieces of land would be recovered by Qianhai Authority. Compensation of RMB12,890,778,000 was granted to SCIMC at the same time, of which RMB12,679,051,000 to In the form of land replacement, the remaining value of RMB211,763,000 will be negotiated separately. As at 31 December 2019, Qianhai Administration Bureau has entered into Land Transfer Agreements with Qianhai Jiyun, Qianhai Jingji, Qianhai Yingji, Qianhai Chuangji, Qianhai Shengji and Qianhai Shiji, wholly-owned subsidiaries of the Company about the transferred land above. The above-mentioned overall Qianhai land preparation involves disposal gains of RMB12,761,554,000, of which the disposal gains of RMB3,841,160,000 were recognised through the first land replacement in 2018, and the remaining disposal gains of RMB8,920,394,000 were recognised in 2019.

62. Other income

	2019	2018	Asset related/ Income related
Financial subsidies (i)	803,635	315,474	Asset related/ Income related
Tax refund	35,396	53,209	Income related
Others	54,335	18,139	Income related
Total	893,366	386,822	

- (i) Financial subsidies mainly include the following: subsidiary CIMC Chancheng received as the investment reward amounting to RMB300,000,000 for the CIMC Zhicheng(Yangzhou) project from the People's Government of Yangzhou City without any additional conditions. The financial subsidy was received in 2019; and subsidiary YZTH recognized financial subsidy amounting to RMB182,431,000 according to the proportion of budget investment for the new factory due to relocation.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Asset impairment losses

	2019	2018
Construction in progress	1,496,182	991,878
Inventories and costs incurred to fulfil a contract	17,494	981,380
Goodwill	44,735	210,657
Fixed assets	3,534,155	199,186
Intangible assets	–	38,640
Long-term equity investments	149,163	2,608
Advances to suppliers	(17,609)	1,275
Total	5,224,120	2,425,624

64. Credit losses

	2019	2018
Long-term receivables (including current portion of non-current assets)	186,101	178,329
Notes receivables	1,490	–
Accounts receivables	294,410	98,546
Contract assets	1,189	23,517
Other receivables	32,046	3,101
Financial guarantee for vehicle loans	6,237	1,057
Total	521,473	304,550

65. Non-operating income

	Note	2019	2018	Amount recognized in non-recurring profit or loss in 2019
Unpayable payables	(i)	96,355	101,866	96,355
Compensation income		31,814	71,718	31,814
Penalty income		26,930	57,652	26,930
Relocation compensation		–	21,393	–
Gained by mergers and acquisitions		–	101,297	–
Other		43,435	20,965	43,435
Total		198,534	374,891	198,534

- (i) In prior years, Enric, a subsidiary of the Group, has accrued customs payable on certain bonded materials that were not expected to be exported. During this year, Enric exported certain products with the bonded materials mentioned above. Hence, corresponding customs payable of RMB24,028,000 was written off and recognized as non-operating income due to the fact that Enric was no longer obliged to pay the customs on those bonded materials. Besides, unpayable payables also include payables that have not been paid since exceeding the limitation of action.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Non-operating expenses

	2019	2018	Amount recognized in non-recurring profit or loss in 2019
Relocation and liquidation compensation	152,213	–	152,213
Losses of disposals of fixed assets	66,088	52,966	66,088
Abnormal losses	50,678	26,410	50,678
Compensation expenses	33,868	25,004	33,868
Penalty expenses	18,788	25,773	18,788
Donations	3,622	7,019	3,622
Others	98,150	31,166	98,150
Total	423,407	168,338	423,407

67. Income tax expenses

	2019	2018
Current income tax calculated based on tax law and related regulations	1,130,607	1,648,740
Deferred income tax	1,973,154	966,363
Total	3,103,761	2,615,103

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019	2018
Profit before tax	5,613,874	6,683,558
Income tax expenses calculated at applicable tax rates	2,989,099	2,011,351
Effect of tax incentive	(174,425)	(107,526)
Expenses not deductible for tax purposes	180,333	168,497
Other income not subject to tax	(51,742)	(216,090)
Deductible losses in previously unrecognized deferred income	(299,205)	(107,395)
Deductible losses in unrecognized deferred income tax assets	327,134	768,224
Deductible temporary differences in unrecognized deferred	75,520	93,846
Deductible temporary differences for which no deferred tax asset was recognized in previous years	(9,312)	(35,456)
Effect of tax rate change on deferred tax	16,585	23,499
Tax refund for income tax annual filing	49,774	16,153
Income tax expenses	3,103,761	2,615,103

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68. 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:

	2019	2018
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	1,542,226	3,380,436
Influence of the issuing of perpetual bonds	(200,400)	(77,841)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	1,341,826	3,302,595
Weighted average number of ordinary shares outstanding (' 000)	3,582,446	3,581,606
Basic earnings per share(RMB/share)	0.37	0.92
Including: going concern basic earnings per share	0.37	0.92

(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:

	2019	2018
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	1,542,226	3,380,436
Influence of the issuing of perpetual bonds by the Company	(200,400)	(77,841)
Influence of the issuing of convertible bonds by subsidiaries	(3,120)	(1,141)
Influence of share option program by subsidiaries	(6,855)	(5,484)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	1,331,851	3,295,970
Weighted average number of ordinary shares outstanding (diluted) (' 000) (adjusted)	3,587,438	3,587,566
Diluted earnings per share(RMB/share)	0.37	0.92

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Earnings per share (Continued)

(2) Diluted earnings per share (Continued)

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

	2019	2018
Weighted average number of ordinary shares out-standing (' 000)	3,582,446	3,581,606
Effect of share options (' 000)	4,992	5,959
Weighted average number of ordinary shares out-standing (diluted) (' 000)	3,587,438	3,587,566

The board of directors of the Company was authorised to grant 60,000,000 shares (1.67% of the total issued shares 3,584,504,382) to the senior management and other staffs. Refer to Note IX for details.

69. Notes to the consolidated cash flow statement

(1) Cash received related to other operating activities

	2019	2018
Interest received	673,241	600,609
Cash received from government grants related to assets	139,357	232,355
Cash received from government grants related to income	431,523	226,619
Relocation compensation received	24,116	182,564
Cash received from compensation income	31,814	71,718
Cash received from penalty income	26,930	57,652
Others	61,001	302,823
Total	1,387,982	1,674,340

(2) Cash paid related to other operating activities

	2019	2018
Cash paid for transportation and distribution expenses	1,414,934	1,591,078
Cash paid for rental, insurance and other selling and distribution expenses	114,571	156,928
Cash paid for technical development costs	748,341	528,353
Cash paid for warranty	188,535	178,109
Cash paid for sales operation fee	416,753	325,171
Cash paid for entertainment fee	153,736	547,702
Cash paid for travelling, office expenditure and other expenses in ordinary operation	302,489	2,600,514
Total	3,339,359	5,927,855

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. Notes to the consolidated cash flow statement (Continued)

(3) Cash received related to other investing activities

	2019	2018
Cash received from share option exercised by minority shareholders	44,418	18,922
Cash received from loan from minority shareholders	2,569,382	1,456,734
Cash received from issuance of asset supporting plan	888,486	359,628
Others	22,093	63,275
Total	3,524,379	1,898,559

(4) Cash received related to other financing activities

	2019	2018
Cash paid for lease liability	195,392	–
Cash paid for minority shareholders	83,841	40,708
Total	279,233	40,708

In 2019, Cash paid for lease related activities was RMB478,707,000. Except for cash paid for lease liability as above, the rest of lease's cash paid out was operating activity related.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. 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:*

	2019	2018
Net profit	2,510,113	4,068,455
Add: impairment provisions for assets	5,745,593	2,730,174
depreciation of fixed assets	2,085,555	1,779,248
depreciation of right-of-use assets	145,732	–
amortization of intangible assets	327,317	333,289
amortization of long-term prepaid expenses	219,685	143,997
gains on disposal of fixed assets, intangible assets and other long-term assets	(8,916,489)	(5,188,945)
gains from mergers and acquisitions	–	(101,297)
losses on changes in fair value	156,752	239,620
financial expense	1,832,785	1,928,060
investment (income)/losses	(326,936)	82,029
share-based payment expenses	57,369	29,960
increase in deferred tax assets	(356,162)	(14,352)
deferred income amortization	(413,217)	(106,994)
increase in deferred tax liabilities	2,436,579	1,023,109
increase in inventories	(2,511,055)	(830,366)
increase in operating receivables	(1,901,363)	(8,713,111)
increase in operating payables	2,446,264	2,737,856
Net cash flows from operating activities	3,538,522	140,732
Major operating, investment and financing activities not involving cash receipts and payments		
	2019	2018
The transferred in land use right of Qianhai project	8,807,535	3,871,480
The quit of minority shareholder of Tianjin Lanshui	3,575,000	–
The prepayments of land use rights transferred into inventory of Shanghai Zhifei	4,101,550	–
The new additions of right-of-use assets	549,310	–
	17,033,395	3,871,480

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Information to cash flow statement (Continued)

(1) Supplementary information to the consolidated cash flow statement (Continued)

(b) *Net increase in cash and cash equivalents:*

	2019	2018
Cash and cash equivalents at the end of the year	8,659,885	10,532,753
Less: cash and cash equivalents at the	10,532,753	5,442,857
Net (decrease)/increase in cash and cash equivalents	(1,872,868)	5,089,896

(2) Information on acquisition of subsidiaries and other business units during the year

	2019	2018
I. Information on acquisition of subsidiaries		
Cash and cash equivalents paid for acquisition	640,075	85,141
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	232,325	28,944
Net cash paid for the acquisition	407,750	56,197
Net assets held by the acquired subsidiaries at acquisition date		
Current assets	1,522,998	2,730,627
Non-current assets	1,282,601	82,736
Current liabilities	(1,395,711)	(2,487,616)
Non-current liabilities	(59,420)	(59,654)
Minority interests	421,958	66,285

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Information to cash flow statement (Continued)

(3) Information on disposal of subsidiaries or other undertakings

	31 December 2019	31 December 2018
I. Information on disposal of subsidiaries:		
1. Cash and cash equivalent received on disposal of subsidiaries or other undertakings	217,670	60,219
Less: Cash and cash equivalents remained on disposal day of disposed subsidiaries or other undertakings	52,774	9,138
2. Net cash and cash equivalent received on disposal of subsidiaries or other undertakings	164,896	51,081
Price of disposed subsidiaries in 2019	217,670	60,219
Net asset of disposal subsidiaries at disposal date		
Current asset	706,194	53,159
Non-current asset	137,223	128,105
Current liabilities	(664,220)	(211,852)
Non-current liabilities	(38,279)	-
Minority interest	-	3,319

(4) Cash and cash equivalents

	31 December 2019	31 December 2018
I. Cash		
Including: Cash on hand	5,900	7,935
Cash at bank that can be readily drawn on demand	7,861,263	8,450,105
Other monetary fund that can be readily drawn on demand	139,269	73,299
II. Redemptory monetary capital for sale and withdrawal of funds by Finance Company	653,453	2,001,414
III. Cash and cash equivalents at the end of the year	8,659,885	10,532,753

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. Monetary items denominated in foreign currency

	31 December 2019		
	Functional currency '000	Exchange Rate	In RMB '000
Monetary fund –			
USD	225,220	6.9784	1,571,676
EUR	79,016	7.8125	617,312
HKD	2,171,493	0.8958	1,945,223
THB	452,122	0.2328	105,254
GBP	13,502	9.1491	123,528
AUD	3,229	4.8852	15,773
JPY	717,098	0.0641	45,966
Others			110,467
			4,535,199
Accounts receivables –			
USD	1,067,629	6.9784	7,450,341
EUR	104,688	7.8125	817,873
GBP	24,403	9.1491	223,267
JPY	250,062	0.0641	16,029
HKD	62,950	0.8958	56,391
AUD	3,313	4.8852	16,183
THB	27,315	0.2328	6,359
Others			240,035
			8,826,478
Other receivables –			
USD	110,138	6.9784	768,586
GBP	4,820	9.1491	44,095
HKD	69,231	0.8958	62,017
EUR	16,751	7.8125	130,870
THB	2,784	0.2328	648
AUD	687	4.8852	3,354
Others			92,835
			1,102,405
Long term receivables –			
USD	2,349,628	6.9784	16,396,645
HKD	426,461	0.8958	382,024
Others			197,907
			16,976,576

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71. Monetary items denominated in foreign currency (Continued)

	31 December 2019		
	Functional currency '000	Exchange Rate	in RMB '000
Short-term borrowings –			
USD	959,410	6.9784	6,695,148
EUR	115,334	7.8125	901,049
HKD	189,848	0.8958	170,066
AUD	2,990	4.8852	14,607
GBP	35,902	9.1491	328,474
			8,109,344
Accounts payables –			
USD	140,037	6.9784	977,234
EUR	59,770	7.8125	466,955
GBP	35,495	9.1491	324,750
AUD	4,493	4.8852	21,951
HKD	16,422	0.8958	14,711
THB	7,298	0.2328	1,699
JPY	16,381	0.0641	1,050
Others			45,919
			1,854,269
Other payables–			
USD	144,214	6.9784	1,006,380
EUR	31,717	7.8125	247,787
GBP	4,281	9.1491	39,169
AUD	3,292	4.8852	16,081
HKD	19,807	0.8958	17,743
THB	370,563	0.2328	86,267
Others			214,574
			1,628,001
Long-term borrowings –			
USD	4,191,073	6.9784	29,246,985
GBP	43,150	9.1491	394,783
			29,641,768
Long term payables –			
USD	29,370	6.9784	204,957
EUR	231	7.8125	1,808
Others			553
			207,318
Lease liabilities –			
USD	208,033	6.9784	1,451,737
HKD	2,373	0.8958	2,126
AUD	17	4.8852	84
Others			3,600
			1,457,547

The above-mentioned foreign currency monetary items refer to all currencies except RMB. (The scope is different from the foreign currency items in Note XIV.4(1)).

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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 acquisition date	Cost of acquisition	Acquired equity percentage	Acquisition method	Acquisition date	Deterministic accordance of the acquisition date	Revenue 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
Ningxia Changming	31 March 2019	154,650	65.09%	By cash	31 March 2019	Date of equity settlement	181,481,335	(30,138,029)	12,000,439	(2,553,436)
DME Process System Ltd. ("DME")	5 March 2019	26,375	100%	By cash	5 March 2019	Date of equity settlement	-	-	-	-
Shenyang Jietong Fire Truck Co., Ltd ("Shenyang Jietong")	May 2019	600,000	60%	By cash	May 2019	Date of equity settlement	511,423	74,413	22,771	(50,397)
Shanghai Jindun Special Vehicle Equipment Co., Ltd ("Shanghai Jindun")	April 2019	366,384	100%	By cash and shares	April 2019	Date of equity settlement	345,793	47,850	23,695	14,941
Hefei Chuangyu	August 2019	3,368	48.95%	By cash	August 2019	Date of equity settlement	1,092	147	(141)	(141)
Nepton Supply Chain Technology (Shanghai) Co., Ltd ("Nepton")	31 August 2019	20,142	Shares of 25.24%, voting rights of 54.24%	By cash	31 August 2019	Date of equity settlement	242,966	2,948	(6,428)	(2,683)
CIMC Architectural Design Institute	13 August 2019	9,000	90%	By cash	31 August 2019	Date of equity settlement	-	(2,544)	(5,795)	2,440

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations involving enterprises not under common control (Continued)

(2) Ningxia Changming

On 31 March 2019, Enric Shenzhen Holding, a subsidiary of the Group entered into an equity transfer agreement with Ningxia Yuanshan New Energy Group for acquisition of 65.09% equity interests in Ningxia Changming with a cash consideration of RMB106,500,000. After the transaction, the Group holds 76.37% of the equity interest of Ningxia Changming totally within the Tianyi investment holds the 8.84% of the equity interest of Ningxia Changming. Changming is principally engaged in the liquefaction of natural gas.

(a) *Combination cost and the profit or loss recognized are as follows :*

Combination cost	
Cash	106,650
Contingent consideration	48,000
Total purchase consideration	154,650
Less: Fair value of identifiable net assets obtained	147,869
Goodwill	6,781

(b) *The assets and liabilities of the acquiree party on the date of purchase are as follows:*

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2018 Carrying amount
Cash at bank and on hand	14,467	14,467	425
Accounts receivables	1,150	1,150	1,950
Other receivables	88,796	88,796	64,553
Prepayments	19,073	19,073	222,637
Inventories	3,105	3,105	4,706
Property, plant and equipment	408,469	408,469	17,921
Construction in progress	76,583	76,583	269,929
Intangible assets	69,460	384	19,195
Bank loans	(252,177)	(252,177)	(235,942)
Trade and bills payables	(19,453)	(19,453)	(8,685)
Contract liabilities	(6,460)	(6,460)	(47,400)
Other payables	(162,185)	(162,185)	(29,285)
Deferred income	(2,252)	(2,252)	-
Income tax payable	(981)	(981)	12,385
Deferred tax liabilities	(10,419)	-	-
Total identifiable net assets	227,176	168,519	292,389
Less: Non-controlling interest	(79,307)		
Net assets acquired	147,869		

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations involving enterprises not under common control (Continued)

(3) Shenyang Jietong

In May 2019, the Group acquired 60% equity interest of Shenyang Jietong, a company, which is principally engaged in the manufacturing of fire engines and a leading manufacturer of aerial lifting fire trucks in the PRC at a cash consideration of RMB600,000,000.

(a) *Combination cost and the profit or loss recognized are as follows:*

Combination cost	
Cash	300,000
Prepayment made in cash in 2018	300,000
Total purchase consideration	600,000
Less: Fair value of identifiable net assets obtained	483,274
Goodwill	116,726
Present value of contingent consideration (i)	(3,822)

(i): The seller of Shenyang Jietong committed that if the aggregate audited profit or revenue of Shenyang Jietong for the years ended 31 December 2019 and 2018 was less than the commitment amount level, CIMC TianDa can get the financial compensation according to the equity transfer agreement. Up to 31 December 2019, the management has estimated the present value of the contingent consideration to be RMB3,822,000.

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations involving enterprises not under common control (Continued)

(3) Shenyang Jietong (Continued)

(b) *The assets and liabilities of the acquiree party on the date of purchase are as follows:*

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2018 Carrying amount
Cash at bank and on hand	112,179	112,179	107,353
Receivables financing	3,563	3,563	5,395
Trade receivables	292,765	292,765	444,813
Prepayment and other receivables	74,156	74,156	92,328
Inventories	302,855	302,855	277,785
Contract assets	69,548	69,548	–
Property, plant and equipment	238,751	223,363	232,538
Intangible assets	229,538	50,119	50,740
Other non-current assets	3,822	3,822	721
Borrowings	(177,004)	(177,004)	(154,000)
Trade and other payables	(228,178)	(228,178)	(116,040)
Contract liabilities	(70,484)	(70,484)	(119,860)
Deferred income	(19,355)	(19,355)	(21,838)
Current income tax liabilities	(27)	(27)	(7,708)
Deferred income tax liabilities	(29,221)	–	–
Total identifiable net assets	802,908	637,322	792,227
Less: Non-controlling interest	(319,634)		
Net assets acquired	483,274		

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations involving enterprises not under common control (Continued)

(4) Shanghai Jindun

In April 2019, the Group acquired 100% equity interest of Jindun, a company principally engaged in the manufacturing of fire engines and equipment. The purchase consideration was RMB366,384,000 consists of 60% in cash and the remaining 40% by shares.

(a) *The assets and liabilities of the acquiree party on the date of purchase are as follows:*

Combination cost	
Cash	114,540
Prepayment made in cash in 2018	114,540
New shares of the Company	137,304
Total purchase consideration	366,384
Less: Fair value of identifiable net assets obtained	263,386
Goodwill	102,998
Present value of contingent consideration (i)	(1,007)

(i) The seller of Shanghai Jindun committed that if the aggregate audited profit or revenue of Shanghai Jindun for the years ended 31 December 2019 and 2018 was less than the commitment amount level, CIMC TianDa can get the financial compensation according to the equity transfer agreement. Up to 31 December 2019, the management has estimated the present value of the contingent consideration to be RMB1,007,000.

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)

1. Business combinations involving enterprises not under common control (Continued)

(4) Shanghai Jindun (Continued)

(b) *The assets and liabilities of the acquiree party on the date of purchase are as follows:*

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2018 Carrying amount
Cash at bank and on hand	53,646	53,646	88,719
Trade receivables	174,296	174,296	228,604
Receivables financing	24,812	24,812	–
Prepayment and other receivables	68,496	68,496	57,870
Inventories	73,882	73,882	55,199
Contract assets	2,289	2,289	–
Property, plant and equipment	43,297	19,943	20,795
Intangible assets	116,293	84,751	21,718
Deferred income tax assets	2,133	2,133	2,133
Other non-current assets	1,934	1,934	1,734
Borrowings	(170,000)	(170,000)	(170,000)
Trade and other payables	(57,474)	(57,474)	(75,388)
Contract liabilities	(43,331)	(43,331)	(31,878)
Deferred income	(6,875)	(6,875)	(6,875)
Provisions	(1,911)	(1,911)	(11,911)
Current income tax liabilities	(383)	(383)	(17,753)
Deferred income tax liabilities	(17,718)	–	–
Total identifiable net assets	263,386	226,208	162,967
Less: Non-controlling interest	–		
Net assets acquired	263,386		

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (Continued)**1. Business combinations involving enterprises not under common control (Continued)**

(5) Nepton

In August 2019, CIMC Modern Logistics, a subsidiary of the Group, entered an equity transfer agreement to acquire 25.24% equity interests of Nepton at a consideration of RMB20,142,000. Meanwhile, CIMC Modern Logistics signed voting power entrustment agreement with Shanghai Dachu Investment Management Co., Ltd and LiYanxin, the shareholder of Nepton to acquire 29% of its voting rights. Since then, CIMC Modern Logistics totally had 54.24% shares of voting rights of Nepton and took control over it. On the acquisition day, Nepton's identifiable net assets was RMB27,160,000 and its non-controlling interest was RMB21,069,000. CIMC Modern Logistics recognized the goodwill of RMB14,051,000

(6) Hefei Chuangyu

In August 2019, Shenzhen Three HuaZhuoYue, a subsidiary of the Group, entered an equity transfer agreement to acquire 48.95% equity interests of Hefei Chuangyu at a consideration of RMB3,368,000. On 31 December 2018, Shenzhen Three HuaZhuoYue held 51.05% shares of Hefei Chuangyu and recognized it as an associate company. On the acquisition day, the fair value of 51.05% of Hefei Chuangyu's net asset before acquisition day was RMB2,722,000 and Hefei Chuangyu's identifiable net assets was RMB1,515,000. After the transaction, Shenzhen Three HuaZhuoYue recognized the goodwill of RMB4,575,000 and has 100% shares of equity of Hefei Chuangyu.

(7) For the year ended 31 December 2019, except for the above business combination involving enterprises not under common control, CIMC modular construction investment Co., Ltd acquired CIMC Architectural Design Institute and CIMC Enric Tank and Process B.V. acquired DME Group.

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Disposal of subsidiaries

Name of the subsidiary	The disposal price	The equity percentage disposed	Disposal method	The disposal date	Deterministic accordance of the disposal date	The difference between the disposal price and the share of the net assets if the disposed subsidiary in the consolidated financial statements	The amount of other comprehensive income related to the equity investment of the Company transferred to the investment gains and losses Company transferred to the investment gains and losses
Creation Charter Limited	7,033	100%	selling	1 March 2019	As at 1 March 2019, the purchase price has been paid, the registration has been changed and the directors of the board has been assigned. The relevant risk and benefit has been transferred.	(3,992)	-
Ningbo CIMC Containers Manufactory Co., Ltd.	94,797	100%	selling	4 May 2019	As at 4 May 2019, the purchase price has been paid, the registration has been changed and the directors of the board has been assigned. The procedures for industrial and commercial changes has been completed. The relevant risk and benefit has been transferred.	78,153	-

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Disposal of subsidiaries (Continued)

Name of the subsidiary	The disposal price	The equity percentage disposed	Disposal method	The disposal date	Deterministic accordance of the disposal date	The difference between the disposal price and the share of the net assets if the disposed subsidiary in the consolidated financial statements	The amount of other comprehensive income related to the equity investment of the Company transferred to the investment gains and losses Company transferred to the investment gains and losses
Leopard Fleet Service Inc	–	31%	Transfer 31% of equity and loss control	18 March 2019	As at 18 March 2019, the registration has been changed and the directors of the board has been assigned. The relevant risk and benefit has been transferred.	4,089	–
Tianjin Port CIMC Zhenhua	74,748	60%	Transfer 60% of equity and loss control	12 April 2019	As at 12 April 2019, the registration has been changed and the directors of the board has been assigned. The procedures for industrial and commercial changes has been completed. The relevant risk and benefit has been transferred.	56,127	–
Yangzhou Jizhi	115,840	40%	Transfer 40% of equity and loss control	24 December 2019	As at 24 December 2019, the purchase price has been paid, the registration has been changed and the directors of the board has been assigned. The relevant risk and benefit has been transferred.	10,707	–

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V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Disposal of subsidiaries (Continued)

The disposal of gain or loss information is as follows:

	Creation Charter Limited	Ningbo CIMC Containers Manufactory Co., Ltd.	Leopard Fleet Service Inc	Tianjin Port CIMC Zhenhua	Yangzhou Jizhi
The calculation of disposal profit is as follow:					
Disposal price	7,033	94,797	–	74,748	115,840
Fair value of the original held equity after being diluted	–	–	–	8,077	173,760
Less: net assets share at the consolidated financial statement level	(3,992)	78,153	4,089	56,127	10,707
Less: goodwill	–	–	–	4,291	–
Other comprehensive income transferred to profit or loss	–	–	–	–	–
Investment income from disposal	11,025	16,644	4,089	22,407	278,893

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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 was no acquisition of subsidiaries through combination under common control.

As at 31 December 2019, the number of companies included in the scope of consolidation added up to 759. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 581. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture, repair and sale of container, container stockpiling business	RMB 137,698,700	100.00%	-
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture and repair of container, design and manufacture of new-style special road and port	USD 80,000,000	-	100.00%
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Manufacture, repair and sale of containers	USD 24,000,000	-	90.00%
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture, repair and sale of containers	USD 7,700,000	-	60.35%
5	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Business entity	Dalian Liaoning	Dalian Liaoning	Manufacture and sale of container as well as relevant technical advisory container stockpiling business	RMB 294,100,000	-	75.00%
6	Shenzhen Shangqi Real Estate Co., Ltd. (SZ Shangqi)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development	RMB 61,224,490	-	36.9%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Manufacture and sales of containers and related technological consultancy; container storage	USD 36,000,000	-	100.00%
8	Taicang CIMC Containers Co., Ltd (TCCIMC)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Manufacture and repair of container	USD 31,000,000	-	100.00%
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture, repair and sales of container	RMB 143,880,000	-	100.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD 29,480,000	-	100.00%
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Business entity	Shanghai	Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and Heat; Preservation car	USD 31,000,000	72.00%	20.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD 10,000,000	-	60.35%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD 425,493,400	-	100.00%
14	Shenzhen Chenyu Investment Development Co., Ltd. (Shenzhen Chenyu)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment consulting & venture investment, house leasing apartment and estate management	RMB 1,000,000	-	61.50%
15	Shenzhen CIMC Zhicheng Business development Co., Ltd. (Shenzhen Zhicheng)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Consulting on business management, investment, and financial information Domestic commerce	RMB 5,000,000	-	46.13%
16	Beijing JingXin XiangNeng Technology Co., Ltd. (Beijing Jingxin XiangNeng)	Business entity	Beijing	Beijing	Technology development, business management consulting, import and export of goods, chemical products wholesale	RMB 12,240,000	-	51.00%
17	CIMC Lide Transmission (Wuxi) Co., Ltd. (Lide Transmission)	Business entity	Wuxi Jiangsu	Wuxi Jiangsu	Sale of machinery equipment and gadget, metal and decorative materials	RMB 9,140,000	-	75.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
18	Qianhai Ruiji Technology Co., Ltd (Qianhai Ruiji Technology)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Technology development in machinery equipment, technology consulting and sales	RMB 8,000,000	-	70.00%
19	Dongguan CIMC Intelligent Technology Co., Ltd ("Dongguan Tech")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, manufacture and sale of industrial intelligence and automation equipment	RMB 12,000,000	-	68.00%
20	Shenzhen CIMC New Material Technology Development Co., Ltd. ("Shenzhen Xincai")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Manufacture and sale of container wooden floor and related products, provide related services	RMB 30,000,000	-	75.80%
21	CIMC Anfang Technology Co., Ltd ("CIMC Anfang")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, manufacture and sale of fire control related products	RMB 100,000,000	-	65.44%
22	Qingdao CIMC Chuangying Composit Material Technology Co., Ltd ("Qingdao Chuangying")	Business entity	Qingdao Shandong	Qingdao Shandong	Development, manufacture, sale, handling and detect of thermoplastic composites and their products	RMB 70,000,000	-	80.00%
23	CIMC -SHAC (Xi'an) Special Vehicle Co., Ltd. (XASV)	Business entity	Xi'an Shanxi	Xi'an Shanxi	Development and production of various trailer, special-use vehicles as well as components and parts; professional services	RMB 50,000,000	-	40.37%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
24	Shenzhen CIMC Sharing Logistics Service Co., Ltd ("Sharing Logistics")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Logistics management services Cloud sharing services	RMB 5,000,000	-	70.00%
25	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB 141,220,000	-	41.22%
26	Guangzhou CIMC Container Service Co., Ltd ("Guangzhou Service")	Business entity	Guangzhou Guangdong	Guangzhou Guangdong	Maintenance and leasing of containers,	RMB 10,000,000	-	60.00%
27	CIMC Financing and Leasing Co., Ltd. ("CIMC Financing and Leasing")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	USD 70,000,000	75.00%	25.00%
28	NanTong CIMC Special Logistics Equipment Co. Ltd. ("NTSL")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture and sale of container as well as relevant technical advisory	RMB 5,000,000	-	100.00%
29	Tianjin Kangde Logistics Equipment Co., Ltd ("Kangde Logistics")	Business entity	Tianjin	Tianjin	Manufacture, sale, import, export, wholesale and retail of container related products	USD 1,210,000	-	83.50%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
30	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production and sales of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	RMB 128,310,000	-	100.00%
31	Jiaxing CIMC Wood Co., Ltd. (JXW)	Business entity	Jiaxing Zhejiang	Jiaxing Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD 5,000,000	-	81.85%
32	Liaoning Hashenleng Gas Liquefaction Equipment Co., Ltd. ("Hashenleng")	Business entity	Liaoning Shenyang	Liaoning Shenyang	Natural gas liquefaction equipment, CBM liquefaction equipment; design, production and sales of relevant auxiliary equipment	RMB 50,000,000	-	41.13%
33	Dongguan CIMC Multimodal Transport Development Co., Ltd. ("Dongguan CIMC Multimodal Transport")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Domestic freight agency, supply chain management and international ocean freight agency	RMB 5,000,000	-	80.00%
34	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation Investment, construction	RMB 204,120,000	98.53%	1.47%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
35	Shenzhen CIMC Autoparking System Co., Ltd. ("CIMC Parking")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Autoparking system and equipment sale of products, technology services	RMB 30,000,000	-	38.13%
36	CIMC Vehicles (Group) Co., Ltd. (CIMC Vehicles)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, production and sales of various various high-tech and high-performance special vehicle and trailer series	USD 212,225,100	37.67%	16.15%
37	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture of various container, semi-finished container product and relevant Components and parts	USD 39,184,100	-	100.00%
38	Tianjin CIMC Logistics Equipments Co., Ltd. (TJICMCLE)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance And relevant technical advisory for logistics equipments and relevant components and parts	USD 10,000,000	-	83.50%
39	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Business entity	Dalian Liaoning	Dalian Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	RMB 177,115,600	-	100.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
40	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Business entity	Chongqing	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD 8,000,000	75.00%	25.00%
41	Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Business entity	Dalian Liaoning	Dalian Liaoning	International trade, entrepot trade; design, manufacture, sale, and relevant technical advisory of pressure vessel	USD 45,170,000	74.13%	25.87%
42	Shenzhen CIMC Intelligent Technology Co., Ltd. ("CIMC Tech")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Design, development, sale, surrogate of electron production software and system	RMB 70,294,200	59.46%	8.54%
43	CIMC Taicang Refrigeration Equipment Logistics Co., Ltd. (TCCRC)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Research and development, production and sale of reefer container and special container	RMB 450,000,000	-	100.00%
44	Hunan CIMC Bamboo Industry Development ("Hunan Woods")	Business entity	Suining Hunan	Suining Hunan	Manufacturing and sale of bamboo and wood product	RMB 28,000,000	-	75.8%
45	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHDV)	Business entity	Qinhuangdao Hebei	Qinhuangdao Hebei	Sale of car and car components and parts	RMB 70,000,000	-	40.37%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
46	Shenzhen Jihong Development Co., Ltd (Jihong Development)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	-	16.00%
47	Shenzhen CIMC Architectural Design Institute Co., Ltd. ("Shenzhen Design Institute")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Modular building project design and construction	RMB 10,000,000	-	95.00%
48	Guangdong CIMC Building Construction Co. Ltd ("Guangdong CIMC Building Construction")	Business entity	Guangdong Jiangmeng	Guangdong Jiangmen	Module supply	RMB 50,000,000	-	100.00%
49	Shanghai Zhifei Real Estate Co. LTD ("Shanghai Zhifei")	Business entity	Shanghai	Shanghai	Real estate project development	RMB 100,000,000	-	46.13%
50	CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Business entity	Yantai Shandong	Yantai Shandong	Research and development of marine operation platform and other marine related business	RMB 150,000,000	75.00%	25.00%
51	Shanghai Lifan Container Service Co., Ltd ("Shanghai Lifan")	Business entity	Shanghai	Shanghai	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB 1,000,000	-	70.00%
52	CIMC New Environmental Protection Material Co., Ltd ("CIMC Xincai")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB 130,173,300	-	75.80%

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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	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
53	Shenzhen CIMC Industry & City Development Co., Ltd. ("CIMC Chancheng")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development	RMB 339,512,100	-	61.50%
54	Yangzhou CIMC Hongyu Real Estate Co., Ltd. ("Yangzhou Hongyu")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Real estate development, sales and leasing	RMB 25,000,000	-	61.5%
55	Qianhai Jicheng Industrial Development (Shenzhen) Co. Ltd ("Qianhai Jicheng")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Real estate development, sales and leasing	RMB 30,000,000	-	79.78%
56	Qingdao CIMC Innovation Industrial Park Development Co., Ltd ("Qingdao Industrial Park")	Business entity	Qingdao Shandong	Qingdao Shandong	Industrial park project development	RMB 26,140,000	-	47.41%
57	CIMC Finance Company ("Finance Company")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Providing financial service to fellow subsidiaries in the Group	RMB 920,000,000	54.35%	45.65%
58	Shenzhen CIMC Investment Holding Company ("SZ Investment Holding")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment; sales and leasing of containers and container property	RMB 75,600,000	100.00%	-
59	Dongguan CIMC Innovation Industrial Park Development Co., Ltd ("Dongguan Industrial Park")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Industrial park project development	RMB 50,000,000	-	47.66%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
60	Shenzhen CIMC Investment Co., Ltd ("SZ Investment")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment, investment management and related investment business	RMB 140,000,000	100.00%	-
61	Shenzhen Sky Capital Co., Ltd (SESKYC)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment, investment management and related investment business	RMB 200,000,000	95.00%	5.00%
62	Ningbo MRO Trading Co., Ltd. (MRO)	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Production and sales of gas mask and other plastic productions	RMB 10,000,000	-	85.00%
63	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment and management and related investment business	RMB 5,292,828,900	100.00%	-
64	CIMC Modular Building Investment Co., Ltd ("Modular Investment")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Equity investment, investment management and real estate investment	RMB 350,000,000	-	100.00%
65	CIMC Modular Building Design & Development Co. Ltd. ("Modular design")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Design modular building and decorations	RMB50,000,000	-	73.05%
66	Qianhai CIMC leasing (Shenzhen) Co., Ltd ("Qianhai Rental")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Finance leases business Lease transaction advisory	RMB 1,000,000,000	-	100.00%

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1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
67	Yantai Tiezhongbao Steel Processing Co., Ltd (“Yantai Tiezhongbao”)	Business entity	Yantai Shandong	Yantai Shandong	R&D, manufacturing leg structure; sales of products	USD9,150,200	-	65.00%
68	Anhui United Feicai Vehicle Co., Ltd. (“United Feicai”)	Business entity	Xuancheng Anhui	Xuancheng Anhui	Production and sales of various special-use vehicles and engineering machinery	RMB 158,000,000	-	70.06%
69	Dongguan CIMC Special Vehicle Co., Ltd. (“Dongguan CIMC Special Vehicle”)	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB 300,000,000	-	53.82%
70	CIMC Modern Logistic Development Co., Ltd. (“Modern Logistic”)	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB 1,049,226,700	100.00%	-
71	Shenzhen Three HuaZhuoYue Investment Co., LTD (“Shenzhen Three HuaZhuoYue”)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB 30,000,000	-	70.06%
72	Taicang CIMC Special Logistics Equipment Co. Ltd. (Taicang Special Equipment)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Production and manufacture of special container equipment	USD 20,000,000	50.00%	50.00%
73	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. (“Shenzhen CIMC Tongchuang Supply Chain”)	Business entity	Shenzhen	Shenzhen	Investment holding	RMB 200,000,000	-	75.75%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
74	Tianjin Yongwang Machinery Equipment Leasing Co. Ltd. ("Tianjin Yongwang Machinery Equipment")	Business entity	Tianjin	Tianjin	Financial service	RMB 6,500,000,000	-	100.00%
75	Shenzhen CIMC Special Car Co., Ltd. (CIMCSV)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB 200,000,000	-	53.82%
76	CIMC Kaitong Logistics Development Co. Ltd. ("CIMC Kaitong Logistics Development")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB 150,000,000	-	51.00%
77	Jiangsu Kaitong Shipping Co. Ltd. ("Jiangsu Kaitong")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB 20,000,000	-	51.00%
78	CIMC Offshore Holdings Co., Ltd. ("CIMC Offshore Holdings")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB 2,335,000,000	100.00%	-
79	Shenzhen CIMC Cold Chain Technology Co., Ltd. ("Shenzhen CIMC Cold Chain Technology")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Cold chain equipment design, R&D, sales, leasing, logistics services and technical consultation	RMB 20,000,000	-	70.00%
80	Shenzhen Leyi Real Estate Co., Ltd. ("Leyi Real Estate")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate project development	RMB 61,220,000	-	8.16%

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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	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
81	CIMC Kaitong Jiangsu International Multimodal Transport Co., Ltd (“Kaitong Jiangsu International Multimodal Transport”)	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB 20,000,000	–	26.01%
82	Jiangsu CIMC New Environmental Protection Material Co., Ltd (“Jiangsu Xincai”)	Business entity	Nantong Jiangsu	Nantong Jiangsu	Development, manufacture and sale of bamboo production, wooden production, floor, environmental friendly plate and plastic pellets	RMB 100,000,000	–	75.00%
83	Shenzhen CIMC Huijie Supply Chain Co., Ltd (“CIMC Huijie”)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Supply chain management and related services, technology development of coating and paint, sale of rubber production	RMB 100,000,000	–	85.00%
84	Yantai CIMC Blue Ocean Technology Co., Ltd (“Yantai Blue Ocean”)	Business entity	Yantai Shandong	Yantai Shandong	Marine fishery culture, development, design and consulting services of fishery equipment and structure sale of fishery related equipment	RMB 50,000,000	–	95.00%
85	Qianhai Jiyun Industrial Development (Shenzhen) Co., Ltd (“Qianhai Jiyun”)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industrial garden project, information consulting, operation management	RMB 30,000,000	–	100.00%
86	Shenzhen Jisheng Development Co., Ltd (“Jisheng Development”)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	–	71.12%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
87	Shenzhen Jixing Development Co., Ltd ("Jixing Development")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	-	36.90%
88	Shenzhen Jiyu Development Co., Ltd ("Jiyu Development")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	-	71.12%
89	Shenzhen Jida Development Co., Ltd ("Jida Development")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	-	16.00%
90	Shenzhen Jiyuan Development Co., Ltd ("Jiyuan Development")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment on industry and pioneering work, project consulting	RMB 50,000,000	-	71.13%
91	Nanjing Gaotou Technology Industry Investment Development Co., Ltd. ("Nanjing Gaotou")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Industrial park project development	RMB 10,000,000	-	10.40%
92	Yangzhou Jichuang Industrial Park Development Co., Ltd. ("Jichuang Industrial Park")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Industrial park project development	RMB 20,000,000	-	61.50%
93	CIMC Yiketong Parts Co., Ltd. ("Yiketong")	Business entity	Shanghai	Shanghai	Trading of containers parts	RMB 100,000,000	-	90.00%
94	Jiangmen CIMC Guangzhou Multimodal Transport Co., Ltd. ("CGIC")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Domestic logistic agency, supply chain management and international freight agency	RMB 5,000,000	-	60.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
95	CIMC Tongchuang Changjiang (Zhoushan) Trading Co., Ltd. ("Zhoushan Tongchuang")	Business entity	Zhoushan Zhejiang	Zhoushan Zhejiang	Investment and holdings	RMB 50,000,000	-	45.45%
96	Shenzhen Tianji city Investment and Development Co. Ltd ("Tianji Investment")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment managements	RMB 100,000,000	-	31.37%
97	CIMC Capital Holdings Co., Ltd ("CIMC Capital")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment managements	RMB 80,000,000	100%	-
98	Guangzhou Guozhao Yueshun Investment Co., Ltd. ("Guozhao Yueshun")	Business entity	Guangzhou Guangdong	Guangzhou Guangdong	Industrial park project development	RMB 10,000,000	-	18.82%
99	CIMC Jixin Logistics Development Co. Ltd ("CIMC Jixin")	Business entity	Shanghai	Shanghai	Logistic service	RMB 100,000,000	-	100.00%

(ii) Overseas subsidiaries

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
100	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%
101	CIMC Tank Equipment Investment Holdings Co., Ltd. ("Tank Equipment Investment")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 4,680,000	-	100.00%
102	Mangrove Capital Limited ("Mangrove Capital")	Business entity	Hong Kong China	Hong Kong China	Financial Services	HKD 2,000,000	-	55.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
103	Adventure Explorer Limited ("Adventure")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD1	-	100.00%
104	CIMC Intermodal Equipment ("CIE")	Business entity	USA	USA	Equipment services	EUR 10,000,000	-	53.82%
105	Charm Wise Limited ("Charm Wise")	Business entity	Hong Kong China	Hong Kong China	Investment holding	USD 50,000	-	100.00%
106	CIMC Air Marrel SAS ("Air Marrel")	Business entity	France	France	Aviation equipment	EUR 1,200,000	-	50.75%
107	CIMC Logistics Service (Thailand) Co., LTD ("Thailand Service")	Business entity	Thailand	Thailand	Logistic services	THB 60,000,000	-	60.00%
108	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 2,000,000	100.00%	-
109	Global Pacific Link Limited ("Global Pacific")	Business entity	Hong Kong China	Hong Kong China	Logistic services	HKD10,000	-	80.00% -
110	CIMC Intermodal Development USA Co ("CIDC USA")	Business entity	USA	USA	Logistic services	USD 5,000,000	-	80.00%
111	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 1	-	100.00%
112	Taisun Resources Development Pte Ltd ("Taisun Resources")	Business entity	Singapore	Singapore	Investment holding	SGD 1	-	85.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
113	Verbus International Limited ("Verbus")	Business entity	UK	UK	Holding company	GBP 1,108	-	100.00%
114	CIMC DEVELOPMENTS LTD ("CIMC Developments")	Business entity	UK	UK	General contractor	GBP 1	-	100.00%
115	VERBUS SYSTEMS LTD ("Verbus Systems")	Business entity	UK	UK	Modular assembly	GBP 1	-	100.00%
116	Allpro Investment Limited ("Allpro")	Business entity	Hong Kong China	Hong Kong China	Project company	HKD 1	-	100.00%
117	CIMC Financial Leasing (HK) Co Ltd. ("Financial Leasing (HK)")	Business entity	Hong Kong China	Hong Kong China	Financial leasing	HKD 500,000	-	100.00%
118	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 2,234,855,000 & RMB 1,000,000,000	-	85.00%
119	Bluepicture Investment Limited ("Bluepicture")	Business entity	UK	UK	Investment holding	GBP100	-	100.00%
120	Sharp Finder Limited ("Sharp")	Business entity	Hong Kong China	Hong Kong China	Project company	USD1	-	98.00%
121	Hong Kong CIMC Tianda Airport Support Ltd. ("TAS Hong Kong")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 1,000,000	-	50.84%
122	CIMC Development (Australia) Pty Ltd ("Development Australia")	Business entity	Australia	Australia	Project general contractor	AUD 8,000,000	-	100.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
123	CIMC Westhill Limited ("CIMC Westhill")	Business entity	Hong Kong China	Hong Kong China	Project company	USD1	-	100.00%
124	Sharp Manner Limited ("Sharp Manner")	Business entity	Hong Kong China	Hong Kong China	Project company	USD1	-	100.00%
125	Sharp Noble Limited ("Sharp Noble")	Business entity	Hong Kong China	Hong Kong China	Project company	USD1	-	100.00%
126	Bayone Corporation ("Bayone")	Business entity	USA	USA	Project company	USD10	-	100.00%
127	CIMC Vehicles (Bahrain) Factory WLL ("Bahrain CIMC")	Business entity	Bahrain	Bahrain	Vehicle equipment services	KWD 565,000	-	37.67%
128	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 50,000	-	100.00%
129	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hong Kong China	Hong Kong China	Financial Services	USD2,000,000	100.00%	-
130	CIMC Modula Building Systems (Australia) Pty Ltd ("MBS AU")	Business entity	Australia	Australia	Module supply	AUD 500,000	-	100.00%
131	EVERISE CAPITAL PTY LTD	Business entity	Australia	Australia	Investment holding	AUD 10	-	100.00%
132	GLOBAL PLUS PTY LTD ("GLOBAL")	Business entity	Australia	Australia	Investment holding	AUD 1	-	100.00%
133	HARVEST AVENUE PTY LTD ("HARVEST")	Business entity	Australia	Australia	Investment holding	AUD 1	-	100.00%

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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	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Business entity	Luoyang Henan	Luoyang Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB 122,745,700	-	38.37%
2	Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Business entity	Wuhu Anhui	Wuhu Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB 161,786,100	-	38.89%
3	Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Business entity	Liangshan Shandong	Liangshan Shandong	Production and sales of mixing truck, special vehicle and components and parts	RMB 90,000,000	-	37.73%
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD 27,840,000	-	100.00%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd (QDCRC)	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD 86,846,680	-	100.00%

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1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIIMC)	Business entity	Tianjin	Tianjin	Manufacture and sales of container, vehicles and ships After-sales service of containers	USD 15,469,300	47.50%	52.50%
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant	USD 28,500,000	-	94.74%
8	CIMC Vehicles (Shandong) Co. Ltd. (KGR)	Business entity	Zhangqiu Shandong	Zhangqiu Shandong	Development and manufacture of special cars and other series products	USD 18,930,100	-	46.83%
9	Dongguan Zhengyi Investment Co., Ltd ("Dongguan Zhengyi")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Investment, development and operation of real estate	RMB 68,027,200	-	43.05%
10	Qingdao Lida Chemical Co., Ltd. ("Qingdao Lida Chemical")	Business entity	Shandong	Shandong	Manufacture and sale of sealant products. Production and sales of rubber parts, plastic parts and waterborne coatings	RMB 30,000,000	-	53.06%
11	Qingdao CIMC New Material Co., Ltd ("Qingdao Xincal")	Business entity	Shandong	Shandong	Manufacture and sale of plastic and rubber parts, and metal construction Development of container parts	RMB 6,000,000	-	53.06%

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1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
12	Yangjiang East Furi Real Estate Co., Ltd ("Yangjiang Real Estate")	Business entity	Yangjiang Guangdong	Yangjiang Guangdong	Development and operating of Real Estate Real estate planning and consulting, sale of building material, and interior decoration project	RMB 10,000,000	-	44.00%
13	Donghua Container Transportation Service Co., Ltd. (DHCTS)	Business entity	Shanghai	Shanghai	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components	USD 4,500,000	-	70.00%
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	RMB 142,280,000	-	75.00%
15	Qingdao Kooll Logistics Co., Ltd (QDHFL)	Business entity	Qingdao Shandong	Qingdao Shandong	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB 20,000,000	-	80.00%
16	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin	Container and cargo Distribution, freight and repair	USD 51,950,000	-	75.00%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
17	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Business entity	Xiamen Fujian	Xiamen Fujian	Financial leasing and leasing business	USD 21,300,000	-	51.00%
18	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	-	75.00%
19	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Provides a container and ship repair services and related technical	HKD 7,500,000	-	70.00%
20	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD510,000	-	70.00%
21	C&C Trucks Marketing Service Co., Ltd. ("C&C Marketing Service")	Business entity	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	RMB 500,000,000	-	70.06%
22	Jiajing Technology Co., Ltd ("Jiajing Technology")	Business entity	Wuhu Anhui	Wuhu Anhui	Industrial design and new technology development mainly about automobile and its accessories	RMB 10,000,000	-	70.06%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
23	Yantai CIMC Raffles Offshore Ltd. ("CIMC Raffles")	Business entity	Yantai Shandong	Yantai Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB 2,291,190,000	-	83.20%
24	Yantai CIMC Raffles Ship Co., Ltd (YCRS)	Business entity	Yantai Shandong	Yantai Shandong	Construction of ship as well as component; sales of container and offshore oil platform channel and steel production	RMB 125,980,000	-	70.95%
25	Ruiji Logistics (Wuhu) Co., Ltd ("WHRJL")	Business entity	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB 20,490,000	-	83.12%
26	C&C Trucks Co., Ltd ("C&C Trucks")	Business entity	Wuhu Anhui	Wuhu Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB 1,570,000,000	70.06%	-
27	Anhui FeiCai (Group) Co., LTD ("Anhui FeiCai (Group)")	Business entity	Xuancheng Anhui	Xuancheng Anhui	Manufacture and sale of agricultural vehicles agricultural machinery and relevant accessories	RMB 158,000,000	-	70.06%
28	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB 434,300,800	-	53.82%

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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	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
29	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Manufacture, fix and sale of containers	RMB 70,000,000	-	100.00%
30	CIMC Multimodal Transport Development Co. Ltd. ("CIMC Multimodal Transport")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Domestic logistic agency, supply chain management and international freight agency	RMB 24,000,000	-	80.00%
31	Foshan Shunde Hongju Technology Industry Development Co., Ltd ("Foshan Shunde")	Business entity	Foshan Guangdong	Foshan Guangdong	Industrial park project management and operation	RMB 20,000,000	-	30.14%
32	Tianjin Hongxin Berg Leasing Co. Ltd. ("Tianjin Hongxin Berg")	Business entity	Tianjin	Tianjin	Financial Services	RMB 300,000,000	-	51.00%

ii) Overseas subsidiaries

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
33	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD 10,000,000	-	70.00%
34	Brigantine Services Limited ("Hong Kong Brigantine Services")	Business entity	Hong Kong China	Hong Kong China	Container repair and renovation, container trade	HKD 5,000,000	-	70.00%
35	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Marine engineering design	EUR13,543,000	-	80.42%
36	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK 1,000,000	-	100.00%
37	CIMC MBS LIMITED ("CIMC MBS")	Business entity	UK	UK	Module supply	GBP 3,884,303	-	100.00%

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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	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage	
			Place	Main Premises			Direct	Indirect
38	Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD 120,000,000	-	68.20%
39	CIMC Raffles Offshore (Singapore) Limited ("Offshore (Singapore)")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling platforms, FPSOs, FSOs	SGD 594,416,915 & USD 453,993,377	-	85.00%
40	Pteris Global Ltd ("Pteris")	Business entity	Singapore	Singapore	Investment holding	SGD 104,781,000	-	50.75%
41	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transport equipment	GBP 100	-	53.82%
42	CIMC TGE GAS INVESTMENT SA ("TGE SA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR 50,000	-	60.00%
43	Hong Kong Hongji Containers Development Co. Ltd. ("Hongji Hong Kong")	Business entity	UK	UK	Financial services	HKD 8,380,000	-	51.00%
44	China Fire Safety Enterprise Group Limited ("China Fire Safety")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD1	-	51.00%

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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 2019	Dividends distributed to minority interests in 2019	Grand total minority Interests on 31 December 2019
Enric	31.80%	(9,602)	1,915	2,054,046
CIMC Offshore	15.00%	(19,782)	–	302,123
CIMC Chancheng	38.50%	110,082	55,213	4,506,974
CIMC TianDa	49.00%	28,653	3,963	610,530
CIMC Vehicles	46.18%	117,186	33,294	470,159

Core financial information of aforementioned significant but not wholly-owned subsidiaries are as follows:

	As at 31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	11,118,857	4,781,176	15,900,033	7,397,817	1,117,705	8,515,522
CIMC Offshore	25,495,553	11,400,658	36,896,211	38,810,318	1,704,107	40,514,425
CIMC Chancheng	22,352,771	5,732,382	28,085,153	12,606,452	7,668,513	20,274,965
CIMC TianDa	6,790,635	2,901,692	9,692,327	5,442,522	731,366	6,173,888
CIMC Vehicles	12,362,552	6,318,532	18,681,084	8,121,175	339,235	8,460,410

	As at 31 December 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	11,761,233	4,092,121	15,853,354	8,089,634	1,217,926	9,307,560
CIMC Offshore	24,483,382	7,374,590	31,857,972	34,160,207	75,530	34,235,737
CIMC Chancheng	18,276,251	2,177,914	20,454,165	12,596,508	1,888,565	14,485,073
CIMC TianDa	3,345,111	2,555,899	5,901,010	2,695,032	183,649	2,878,681

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VI. EQUITY IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(4) Subsidiaries with significant minority interests (continued)

	2019			
	Revenue	Net profit	Total Comprehensive income	Cash flows from operating activities
Enric	13,743,019	901,405	884,181	861,545
CIMC Offshore	4,324,335	(1,260,684)	29,909	11,968
CIMC Chancheng	1,435,996	697,950	949,987	(7,321,307)
CIMC TianDa	5,957,661	244,062	285,420	393,923
CIMC Vehicles	23,220,206	1,326,461	1,387,999	1,845,804

	2018			
	Revenue	Net profit	Total Comprehensive income	Cash flows from operating activities
Enric	13,051,651	782,450	743,761	1,589,896
CIMC Offshore	2,257,696	(3,361,047)	(3,327,211)	(9,764,306)
CIMC Chancheng	2,893,204	477,993	575,940	3,129,620
CIMC TianDa	2,786,421	172,618	198,011	124,514

(5) Significant partial disposal of subsidiary equity in current year (without loss of control)

- (i) On 25 June 2019, CIMC Technology Co Ltd. ("CIMC Technology"), a subsidiary of the Group, entered into an equity transfer agreement with Dalian New Voyage Investment Management Enterprise (Limited Partnership). Pursuant to the agreement, 6.5% equity of Dalian CIMC was transferred at a cash consideration of RMB13,619,000. The difference between the price and the relative identifiable net assets of the subsidiary is RMB972,000, which offset the capital reserve. After the transaction, the Group still owned 75% of equity interests in Dalian CIMC.
- (ii) As at 25 June 2019, CIMC Tianda, a subsidiary of the Group, entered into an equity transfer agreement with Shenzhen Yongfuwang Investment Enterprise (Limited Partnership), to transfer its 25% of equity interests of Shenzhen CIMC Intelligent Parking Co. Ltd. at a cash consideration of RMB7,500,000. The difference between the price and the relative identifiable net assets of the subsidiary was RMB1,393,000, which offset the capital reserve. After the transaction, CIMC Tianda still owned 75% of equity interests in Shenzhen CIMC Intelligent Parking Co. Ltd.

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VI. EQUITY IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(6) Significant transaction with non-controlling interests in current year

- (i) As at 1 Nov 2019, CIMC Technology, a subsidiary of the Group, entered into a capital increment agreement with Xinyu Huijie Investment Management Enterprise (Limited Partnership) (“Xinyu Huijie”), which allowed Xinyu Huijie to inject capital of RMB13,169,000 into NTCIMC, in return for 15% of equity interest. The difference between the consideration and the identifiable net assets that the non-controlling interests enjoyed was RMB872,000, which increase the capital reserve. After the capital injection, CIMC technology own the rest 60.35% of equity interests.
- (ii) As at 1 Nov 2019, CIMC Holding, a subsidiary of the Group, entered into a capital increment agreement with Xinyu Huijie Investment Management Enterprise (Limited Partnership) (“Xinyu Huijie”), which allowed Xinyu Huijie to inject capital of RMB24,511,000 into NTCIMCS, in return for 15% of equity interest. The difference between the consideration and the identifiable net assets that the non-controlling interests enjoyed was RMB1,366,000, which increase the capital reserve. After the capital injection, CIMC Holding own the rest 60.35% of equity interests.
- (iii) As at 16 Jan 2019, CIMC Technology, a subsidiary of the Group, entered into a capital increment agreement with Yangzhou Ronghe Equity Investment Partnership (Limited Partnership) (“Yangzhou Ronghe”), which allowed Yangzhou Ronghe to inject capital of RMB59,230,000 into TLC, in return for 25% of equity interest. The difference between the consideration and the identifiable net assets that the non-controlling interests enjoyed was RMB1,603,000, which offset the capital reserve. After the capital injection, CIMC technology own the rest 75% of equity interests.
- (iv) As at 3 Dec 2019, CIMC Technology, the shareholder of Lide Transmission and a subsidiary of the Group, entered into an equity transfer agreement with the non-controlling interests of Lide Transmission, which allowed TLC to afford RMB2,000,000 in return for the equity interest of non-controlling interests. The difference between the consideration and the identifiable net assets that the non-controlling interests enjoyed was RMB2,504,000, which offset the capital reserve.
- (v) As at 11 July 2019, CIMC Vehicles listed on the Main Board of the Hong Kong Stock Exchange. After listing, its net assets increases approximately RMB1,397,736,000 and the non-controlling interests increases RMB1,391,216,000. The difference between them was RMB6,520,000, which offset the capital reserve.
- (vi) CIMC Chancheng, a subsidiary of the Group, entered into a capital increment agreement with Shenzhen Country Garden Real Estate Co., Ltd. (“Shenzhen Country Garden”), which allowed Shenzhen Country Garden to inject capital of RMB33,333,000 separately into Shenzhen JiHong Investment Co., Ltd. (“Shenzhen JiHong”), and Shenzhen JiYuan Investment Co., Ltd. (“Shenzhen JiYuan”), in return for 40% of equity interest separately. CIMC Chancheng and Shenzhen Country Garden make capital increment to Shenzhen JiHong and Shenzhen JiYuan in the same proportion later. Shenzhen JiHong and Shenzhen JiYuan increase non-controlling interests of RMB179,951,000 and RMB765,265,000 separately.

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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 percentage – Direct	Shareholding percentage – Indirect
Joint ventures – Y&C Engine	Wuhu Anhui	Wuhu Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	–	50.00%
Associates – Yangzhou Jizhi	Yangzhou Jiangsu	Yangzhou Jiangsu	Real estate	Yes	–	60.00%
Shangtai Real Estate	Shenzhen Guangdong	Shenzhen Guangdong	Real estate	Yes	–	49.00%
Shangrong Real Estate	Shenzhen Guangdong	Shenzhen Guangdong	Real estate	Yes	–	49.00%
Shanghai Fengyang	Shanghai	Shanghai	Real estate	Yes	–	40.00%
Zhoushan Changhong	Zhoushan Zhejiang	Zhoushan Zhejiang	Maintenance of ship	No	–	24.91%

The equity mentioned above is measured by equity method.

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates and joint ventures (Continued)

(2) Core financial information of major joint venture

	Y&C Engine	
	31 December 2019	31 December 2018
Cash at bank and on hand	238,832	112,008
Other current assets	946,417	636,561
Total current assets	1,185,249	748,569
Total non-current assets	713,132	712,874
Total assets	1,898,381	1,461,443
Current liabilities	1,292,901	910,971
Non-current liabilities	69,128	66,322
Total liabilities	1,362,029	977,293

	Y&C Engine	
	31 December 2019	31 December 2018
Minority shareholders' equity	–	–
Total equity attributable to shareholders of the Company	536,352	484,150
Share holding ratio	50%	50%
Net assets proportion calculated by shareholding ratio (i)	268,176	242,075
Carrying amount of equity investment in the joint ventures	268,176	242,075

- (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.

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates and joint ventures (Continued)

(2) Core financial information of major joint venture (continued)

	Y&C Engine	
	31 December 2019	31 December 2018
Revenue	2,338,512	1,542,681
Financial costs	26,763	25,260
Income tax expenses	9,212	10,341
Net profits	52,201	58,599
Other comprehensive income	-	-
Total comprehensive income	52,201	58,599
Dividends received from the joint ventures this year	-	-

(3) Core financial information of major associates

	Yangzhou Jizhi		Shangtai Real Estate		Shangrong Real Estate		Shanghai Fengyang		Zhoushan Changhong	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Cash at bank and on hand	20,273	-	620,921	-	650,971	1,813,706	18,374	320,437	662,364	329,139
Other current assets	651,156	-	3,970,959	-	4,020,206	345,188	505,945	651,416	1,818,130	612,149
Total current assets	671,429	-	4,591,880	-	4,671,177	2,158,894	524,319	971,853	2,480,494	941,288
Total non-current assets	3,114	-	6,274	-	27,015	4,467	151	79,456	4,426,352	4,442,074
Total assets	674,543	-	4,598,154	-	4,698,192	2,163,361	524,470	1,051,309	6,906,846	5,383,362
Current liabilities	663,836	-	2,966,595	-	2,964,042	597,630	76,627	539,686	348,845	467,515
Non-current liabilities	-	-	-	-	-	-	-	-	5,690,292	4,109,308
Total liabilities	663,836	-	2,966,595	-	2,964,042	597,630	76,627	539,686	6,039,137	4,576,823

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates and joint ventures (Continued)

(3) Core financial information of major associates (continued)

	Yangzhou Jizhi		Shangtai Real Estate		Shangrong Real Estate		Shanghai Fengyang		Zhoushan Changhong	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Minority shareholders' equity	-	-	-	-	-	-	-	-	-	-
Total equity attributable to shareholders of the Company	10,707	-	1,631,559	-	1,734,150	1,565,731	447,843	511,623	867,709	806,539
Adjustments according to fair value of net identifiable assets and goodwill	278,893	-	1,656,447	-	1,558,511	-	1,085	1,085	-	-
Total equity attributable to shareholders of the Company (adjusted)	289,600	-	3,288,006	-	3,292,661	1,565,731	448,928	512,708	867,709	806,539
Share holding ratio	60%	0%	49%	0%	49%	49%	40%	40%	24.91%	14.75%
Net assets portion calculated by share holding ratio (i)	173,760	-	1,611,123	-	1,613,404	767,208	179,571	205,083	216,146	118,965
Carrying amount of equity investment in the associates										
Fair value of investments on associates with public offer	173,760	-	1,611,123	-	1,613,404	1,548,667	179,571	205,083	228,246	134,212
Minority shareholders' equity	-	-	-	-	-	-	-	-	-	-

	Yangzhou Jizhi		Shangtai Real Estate		Shangrong Real Estate		Shanghai Fengyang		Zhoushan Changhong	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Revenue	-	-	-	-	414,761	-	367,036	781,500	1,113,493	778,377
Net profits/(losses)	(9,293)	-	(18,825)	-	168,419	(12,936)	192,220	234,123	(38,829)	(32,462)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(9,293)	-	(18,825)	-	168,419	(12,936)	192,220	234,123	(38,829)	(32,462)
Dividends received from the associates this year	-	-	-	-	-	-	128,000	-	-	-

- (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.

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates and joint ventures (Continued)

(4) Summary of information of insignificant associates and joint ventures

	2019	2018
Joint ventures:		
Total carrying amount of investments on 31 December 2019	439,554	293,453
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net profits (i)	32,413	18,598
Other comprehensive income (i)	–	–
Total comprehensive income	32,413	18,598
Associates:		
Total carrying amount of investments on 31 December 2019	1,001,513	1,368,509
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net profits (i)	(175,730)	30,953
Other comprehensive income (i)	–	–
Total comprehensive income	(175,730)	30,953

(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 or joint ventures in 2019.

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.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

- 1. The company does not have any holding company.**
- 2. For the information on the subsidiaries of the Company, refer to Note VI.1.**
- 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 –						
NKY Zhenhua	Tianjin	Tianjin	Logistic services	No	–	50.00%
Associates –						
Nantong New Atlantic	Nantong	Nantong	Environmental protection board business	No	–	20.00%
Senju (Jiangmen)	Jiangmen	Jiangmen	Material production	No	–	21.53%
Xuzhou CIMC Wood	Xuzhou	Xuzhou	Wood industry	No	–	35.00%
Xinghuo Chelian	Shenzhen	Shenzhen	Information technology	No	–	10.03%
Runyu Real Estate	Zhenjiang	Zhenjiang	Real estate	No	–	12.30%
Qingchen Bamboo Industry	Fujian	Fujian	Bamboo industry	No	–	30.00%
Ningguo Guangshen	Anhui	Anhui	Bamboo industry	No	–	30.00%
Ningbo Mediterranean	Ningbo	Ningbo	Container services	No	–	49.00%
Qingdao Gangjianhua	Qingdao	Qingdao	Logistic services	No	–	40.00%
Tianzhu International	Shanghai	Shanghai	Logistic services	No	–	22.50%
Shenzhen CIMC Tianyi Investment	Shenzhen	Shenzhen	Investment and holdings	No	–	55.00%
Xiamen CIMC Haitou	Xiamen	Xiamen	Logistic services	No	–	45.00%
Shitie Special Goods	Beijing	Beijing	Logistic services	No	–	20.00%
Zhejiang Xinlong	Zhejiang	Zhejiang	Bamboo industry	No	–	30.00%

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Information of other related parties

Company Name	
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Orient International	Subsidiary of significant shareholder
Guangdong Excellent Landscape Design Co., Ltd ("Guangdong Excellent Landscape")	Subsidiary of significant shareholder
Orient International Container (Jinzhou) Co., Ltd ("Orient International (Jinzhou)")	Subsidiary of significant shareholder
Florens Container Investment(SPV) Limited ("FCI")	Subsidiary of significant shareholder
Orient International Container (Guangzhou) Co., Ltd ("Orient International (Guangzhou)")	Subsidiary of significant shareholder
China Ocean Shipping Agency Shanghai Co., Ltd. ("Shanghai Shipping Agency")	Minority shareholder of subsidiary
Orient Overseas Container Line Ltd. ("OOCL")	Subsidiary of significant shareholder
Huanyu Dongfang International	Subsidiary of significant shareholder
Shenzhen Weixin	Minority shareholder of subsidiary
CMSK	Subsidiary of significant shareholder

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

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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	2019 Amount	2018 Amount
Y&C Engine	Purchase of goods	565,953	942
Zhejiang Xinlong	Purchase of goods	82,306	174,194
Qingchen Bamboo Industry	Purchase of goods	81,040	182,188
Ningguo Guangshen	Purchase of goods	77,383	177,564
Xuzhou CIMC Wood	Purchase of goods	34,343	148,732
Senju (Jiangmen)	Purchase of goods	–	110,760
NKY Zhenhua	Purchase of goods	–	911
Xinghuo Chelian	Purchase of goods	–	722
Other related parties	Purchase of goods	558	3,544
Sub-total		841,583	799,557
Ningbo Mediterranean	Receiving of services	20,619	–
Qingdao Ganglianhua	Receiving of services	13,028	4,452
Tianzhu International	Receiving of services	7,939	–
Shenzhen CIMC Tianyi Investment	Receiving of services	4,311	–
Guangdong Excellent Landscape	Receiving of services	1,976	–
Other related parties	Receiving of services	342	–
Sub-total		48,215	4,452

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Emoluments of the directors, supervisor and senior management of the Company refer to VIII.5(5).

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(2) Sales of goods and rendering of services

The Group

Name	Nature of the transaction	2019 Amount	2018 Amount
Zhoushan Changhong	Sale of goods	244,487	–
SUMITOMO CORPORATION	Sale of goods	99,953	95,647
OOCL	Sale of goods	45,345	–
Zhejiang Xinlong	Sale of goods	19,402	–
Orient International	Sale of goods	19,303	61,993
Orient International (Jinzhou)	Sale of goods	13,743	31,358
Y&C Engine	Sale of goods	9,763	340
NKY Zhenhua	Sale of goods	9,031	3,205
Xiamen CIMC Haitou	Sale of goods	7,150	2,503
Orient International (Guangzhou)	Sale of goods	5,813	42,929
Huanyu Orient International	Sale of goods	3,429	–
Ningbo Mediterranean	Sale of goods	1,586	1,099
FCI	Sale of goods	126	1,249,251
Shanghai Shipping Agency	Sale of goods	–	1,164
Other related parties	Sale of goods	40,715	2,393
Sub-total		519,846	1,491,882
Tianzhu International	Rendering of services	51,570	52,862
NKY Zhenhua	Rendering of services	27,341	20,389
Ningbo Mediterranean	Rendering of services	9,031	–
Qingdao Ganglianhua	Rendering of services	4,863	466
Shitie Special Goods	Rendering of services	4,505	–
Other related parties	Rendering of services	9,178	3,516
Sub-total		106,488	77,233

(3) Leasing

Lessee	Nature of lease assets	Leasing revenue recognized for year 2019	Leasing revenue recognized for year 2018
Qingdao Ganglianhua	Container Yard	6,982	4,452

The Group's increased right-of-use assets as lessee in the current period:

Lessor	Nature of lease assets	2019	2018
Ningguo Guangshen	Machinery	776	–

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4) Financing

The Group

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognized in 2019	Note
Financing received					
Shangtai Property	1,568,000	20 December 2019	Repayment date not fixed	–	Loans for shareholder operation
Shangrong Property	1,519,000	20 December 2019	Repayment date not fixed	–	Loans for shareholder operation
Shenzhen Weixin	1,022,260	26 March 2019	Repayment date not fixed	39,172	Loans for Proportionate shareholder operation
Country Garden and its subsidiaries	677,798	29 January 2016	Repayment date not fixed	86,817	Loans for Proportionate shareholder operation
		24 August 2018	Repayment date not fixed		Loans for Proportionate shareholder operation
	4,787,058				
Financing provided					
Country Garden and its subsidiaries	1,713,072	30 September 2016	Repayment date not fixed	56,619	Loans for shareholder operation
		31 May 2018	Repayment date not fixed		Loans for Proportionate shareholder operation
		10 August 2018	Repayment date not fixed		Loans for shareholder operation
		2 August 2019	Repayment date not fixed		Loans for shareholder operation
CMSK	1,431,908	30 November 2019	Repayment date not fixed	–	Loans for shareholder operation
		23 December 2019	Repayment date not fixed		Loans for shareholder operation
Yangzhou Jizhi	400,013	2 August 2019	Repayment date not fixed	9,128	Loans for shareholder operation
Runyu Real Estate	163,067	31 December 2012	Repayment date not fixed	6,115	Loans for Proportionate shareholder operation
Shanghai Fengyang	34,204	25 December 2007	Repayment date not fixed	–	Loans for Proportionate shareholder operation
Nantong Xinyang	11,000	12 August 2019	20 February 2020	1,000	Loans for shareholder operation
	3,753,264				

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Other related party transactions

- (i) The Company adopted a new share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 31 December 2019 are as follows:

Name	Position	Number of granted share options (in' 0000)
Mai Boliang	President, Chairman	342
Gao Xiang	Executive Vice Chairman	45
Li Yinhui	Vice Chairman	90
Yu Yuqun	Vice Chairman, Secretary of the Board and Company Secretary	90
Zeng Han	General Manager of Finance Department	34.65
Total		601.65

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 2019 are as follows:

Name	Position	Number of granted share options (in' 0000)
Gao Xiang	Vice Chairman	90
Yu Yuqun	Vice Chairman, Secretary of the Board and Company Secretary	60
Total		150

Note: on 27 March, 2019, Mr. Wu Fapei, former vice president of the company, left his post. As at 31 December 2019, Mr. Wu Fapei holds 900,000 outstanding A-share stock options of the company.

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company*

Directors' and key management personnel's emoluments for the year ended 31 December 2019 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
Directors							
Wang Hong	-	-	-	-	-	-	
Liu Chong	-	-	-	-	-	-	
Mai Boliang	-	3,180	67	5,760	444	9,451	
Hu Xianfu	-	-	-	-	-	-	
Ming Dong	Note (i)	-	-	-	-	-	
Wang Yuhang	Note (ii)	-	-	-	-	-	
Pan Zhengqi		240	-	-	-	240	
He Jiale	Note (i)	140	-	-	-	140	
Lv Fengmeiyi	Note (i)	140	-	-	-	140	
Pan Chengwei	Note (ii)	100	-	-	-	100	
Wang Guixun	Note (ii)	100	-	-	-	100	
Sub-total		720	3,180	67	5,760	444	10,171

Note (i): On 2 June 2019, approved by the company's General Meeting of Shareholders in 2018, 2nd General Meeting of Shareholders of A-share and 2nd General Meeting of Shareholders of H-share in 2019, Mr. Ming Dong was appointed to be the Non-executive Director of the 9th board of directors, Mr. He Jiale and Ms. Lv Fengmeiyi were appointed to be the Independent Non-executive Director of the 9th board of directors.

Note (ii): On 27 March 2019, approved by the 1st Meeting of board of directors, after the term of office of 8th board of directors expiration, Mr. Wang Yuhang would cease to be the Non-executive director of the company, Mr. Pan Chengwei and Mr. Wang Guixun would cease to be the Independent Non-executive Director of the company. On 2 June 2019, the term of office of Mr. Wang Yuhang, Mr. Pan Chengwei and Mr. Wang Guixun expired.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors' and key management personnel's emoluments for the year ended 31 December 2019 are as follows (continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Supervisors						
Lin Feng	-	-	-	-	-	-
Lou Dongyang	Note (iii)	-	-	-	-	-
Xiong Bo		326	13	164	5	508
Wang Hongyuan	Note (iv)	-	-	-	-	-
Sub-total		326	13	164	5	508

Note (iii): On 2 June 2019, Approved by the company's General Meeting of Shareholders in 2018, 2nd General Meeting of Shareholders of A-share and 2nd General Meeting of Shareholders of H-share in 2019, Mr. Lou Dongyang was appointed to by the Shareholder Representative Supervisor of the 9th Board of Supervisors.

Note (iv): On 27 March 2019, Approved by the 1st Meeting of board of directors, after the term of office of 8th board of directors expiration, Mr. Wang Hongyuan would cease to be the supervisor of the company. On 2 June 2019, the term of office of Mr. Wang Hongyuan expired.

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Other Senior Executives						
Gao Xiang	-	1,857	131	2,170	29	4,187
Li Yinhui	-	1,444	116	1,442	29	3,031
Huang Tianhua	-	1,419	128	2,064	29	3,640
Yu Yuqun	-	1,476	68	2,190	29	3,763
Zeng Han	-	1,204	95	882	29	2,210
Wu Fapei	Note (v)	332	-	-	-	332
Sub-total		7,732	538	8,748	145	17,163
Total		720	11,238	618	14,672	27,842

Note (v): On 27 March 2019, Approved by the 3rd Meeting of board of directors, Mr. Wu Fapei would cease to be the Vice Chairman of the company due to the age. On 28 March 2019, the company appointed Mr. Wu Fapei to be the senior consultant.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors' and key management personnel's emoluments for the year ended 31 December 2018 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Directors						
Wang Hong	-	-	-	-	-	-
Wang Yuhang	-	-	-	-	-	-
Mai Boliang	-	2,904	76	4,796	448	8,224
Hu Xianfu	-	-	-	-	-	-
Liu Chong	-	-	-	-	-	-
Pan Chengwei	240	-	-	-	-	240
Wang Guixun	240	-	-	-	-	240
Pan Zhengqi	240	-	-	-	-	240
Sub-total	720	2,904	76	4,796	448	8,944

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
Supervisors						
Xiong Bo	-	355	49	54	17	475
Zhang Mingwen	Note (vi)	-	-	-	-	-
Lin Feng	Note (vii)	-	-	-	-	-
Wang Hongyuan	-	-	-	-	-	-
Sub-total	-	355	49	54	17	475

Note (vi): On 22 October 2018, the Supervisory Committee of the Company has received the paper formed resign report of supervisor Mr. Zhang Mingwen. The resignation came into effect at 12 November 2018.

Note (vii): On 12 November 2018, approved by the Company's 3rd Extraordinary Shareholder's General Meeting in 2018. Mr. Lin Feng was nominated to be supervisor as the representative of shareholders in the Supervisory Committee.

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5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors' and key management personnel's emoluments for the year ended 31 December 2018 are as follows (continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
Other Senior Executives							
Gao Xiang	–	2,754	123	960	30	3,867	
Wu Fapei	–	1,564	110	960	29	2,663	
Li Yinhui	–	1,267	114	960	31	2,372	
Yu Yuqun	–	1,392	76	1,800	31	3,299	
Huang Tianhua	Note (viii)	–	1,787	82	960	22	2,851
Zeng Han	–	1,004	93	420	31	1,548	
Li Guiping	Note (viii) (ix)	–	558	19	6,018	10	6,605
Liu Xuebin	Note (x)	–	345	29	–	9	383
Zhang Baoqing	Note (xi)	–	332	–	–	–	332
Yu Ya	Note (xi)	–	375	–	–	–	375
Yang Rong	Note (xii)	–	191	19	–	6	216
Sub-total	–	11,569	665	12,078	199	24,511	
Total	720	14,828	790	16,928	664	33,930	

Note (viii): On 27 March 2018, approved by the 6th meeting of the 8th session of the board of directors, Mr. Li Guiping and Mr. Huang Tianhua were appointed as the Vice Chairman of the Company.

Note (ix): On 9 August 2018, approved by the 8th session of the board of directors, Mr. Li Guiping has resigned the Vice Chairman of the Company due to work reasons.

Note (x): On 27 March 2018, approved by the 8th session of the board of directors, Mr. Li Guiping has resigned the Vice Chairman of the Company due to health reasons. After the resignation, Mr. Liu Xuebin would transfer to be senior consultant of the company.

Note (xi): On 27 March 2018, the term of office of Mr. Yu Ya and Mr. Zhang Baoqing, Vice Chairman of the company, expired. After the expiration, Mr. Yu Ya and Mr. Zhang Baoqing would cease to be the Vice Chairman of the company and be appointed to be senior consultant of the company.

Note (xii): On 15 January 2018, Ms. Yang Rong applied to resign the general manager of finance management department of the company. After the resignation, Ms. Yang Rong would not be appointed to any position of the company or its subsidiaries.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Other benefits mainly consists of housing funds, pensions, medical insurance, etc.

(iii) *Termination benefits for directors*

In 2019, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2018: Nil).

(iv) *Consideration paid to third parties for service of directors*

In 2019, there was no consideration paid to third parties for service of directors (2018: Nil).

(v) *Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons*

As at 31 December 2019, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2018: Nil).

(vi) *Significant interest of directors in transactions, arrangement and contracts*

In 2019, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (2018: Nil).

(vii) *Top 5 of the Emoluments*

The top 5 of the emoluments consists 1 director, 3 senior executives. Their emoluments have been reflected in Note VIII. 5(5)ii; the emolument of another staff is listed as follow:

	2019
Remuneration, bonus, housing and other funds	8,772
Pension	82
	8,854
	Number of people 2019
Emoluments range: RMB8,500,000 – 9,000,000	1

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables due from and payables due to related parties

Refer to Note IV.5 for details of accounts receivables.

Refer to Note IV.7 for details of other receivables.

Refer to Note IV.8 for details of advances to suppliers.

Refer to Note IV.12 for details of current portion of non-current assets.

Refer to Note IV.17 for details of long-term receivables.

Refer to Note IV.32 for details of accounts payables.

Refer to Note IV.34 for details of contract liabilities.

Refer to Note IV.37 for details of other payables.

7. Commitments in relation to related parties

As at 31 December 2019, there are no commitments in relation to related parties contracted for but not yet necessary to be recognized on the balance sheet by the Group.

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IX. SHARE-BASED PAYMENTS

1. Information about share-based payments

Total equity instruments granted during the year	Nil
Total equity instruments exercised during the year	The number of exercised share options granted by the Company and Enric were 2,427,000 and 13,434,000 respectively this year.
Total equity instruments forfeited during the year	The Company has no ineffective or obsolete equity instruments and the number of share options forfeited in Enric was 2,660,000 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"> 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 0, 1.83 and 4.43 years respectively; Equity-settled share options granted by the Company in 2010 and 2011: RMB8.06 (after adjustment) and RMB12.67 (after adjustment) per share respectively the residual life of contracts is both 0.74 years.
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil

Expenses recognized for the year arising from share-based payments are as follows:

	2019	2018
Equity-settled share-based payment	57,369	29,960

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IX. SHARE-BASED PAYMENTS (Continued)

2. Information on equity-settled share-based payment

(1) Information on equity-settled share-based payment of Enric

(a) Share option

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 two years from the date of grant and, 70% exercisable after three years from the date of grant, and then 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 38,200,000, 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.

Movement of share options of Enric:

	2019 '000	2018 '000
Beginning balance	66,550	76,374
Exercised in current period	(13,434)	(8,134)
Cancelled in current period	–	(345)
Forfeited in current period	(2,660)	(1,345)
Ending balance	50,456	66,550

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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)

(b) *Restricted share award scheme*

The shareholders of Company approved the Restricted Share Award Scheme (2018) (the "Award Scheme") on 10 August 2018 (the "Grant Date"). Subsequently 46,212,500 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares were vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted Shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain members of senior management and employees of the Group who under the terms of the Award Scheme subscribed for the restricted shares at HKD3.71 per share (the "Subscription Price").

Under the terms of the Award Scheme, if the vesting conditions are fulfilled, the restricted shares shall be vested by 30%, 30% and 40% by April 2019, April 2020 and April 2021, respectively.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Award Scheme are to be forfeited.

Outstanding as at 31 December 2018	46,212,500
Granted during the year	–
Recovered during the year	(13,758,750)
Outstanding as at 31 December 2019	32,453,750

The fair value of the restricted shares issued was assessed based on the market price of the Company's shares at the grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the awarded shares. The weighted average fair value of awarded shares granted during the year ended 31 December 2018 was HKD6.70 per share (equivalent to approximately RMB5.67 per share).

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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

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 the 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.

On 12 May 2015, according to the review and approval at the eighth meeting of the seventh session of the Board of Directors in 2015, the second exercise period of the first batch of stock options reached the conditions of exercise. The actual exercise period was from 2 June 2015 to 27 September 2020, the total number of exercisable rights was 39,660,000. On 9 October 2015, according to the review and approval at the 14th meeting of the seventh session of the Board of Directors in 2015, the second exercise period of the second batch of stock options reached the conditions of exercise. The actual exercise period was from 24 October 2015 to 27 September 2020, the total number of exercisable rights was 4,132,500.

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 12.39 per share while the remaining 6,000,000 options were for reservation.

In accordance with the provision of the aforesaid share option plan, the Board of Directors of the Company made corresponding adjustments to the 54 million shares option exercise price granted on 28 September 2010 which in accordance with the annual dividend distribution plan implemented after the award period. After the adjustment, the exercise price is RMB8.06 per share.

The shareholders meeting of the Company which held on 22 September 2011 granted 6 million reserved stock options in the share option plan approved by the Company's general meeting of shareholders on 28 September 2010 at an exercise price of RMB17.57 per share. The aforesaid option exercise price was adjusted to RMB12.67 based on the annual dividend payment plan implemented after the grant period.

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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)

Movement of share options of the Company:

	2019 '000	2018 '000
Beginning balance	18,817	20,917
Exercised in current period	(2,427)	(2,100)
Impact of dividend distribution in 2018 (i)	3,673	–
Ending balance	20,063	18,817

(i) On 28 June 2019, the implementation of the company's 2018 equity distribution was completed, and additional 2 shares were issued to all shareholder for every 10 shares being held by way of conversation of capital surplus.

(3) 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 2019, accumulated amount recognized in capital reserve for equity-settled share-based payments	428,265
Total expenses recognized for equity-settled share-based payments for current year	
Including:	
– attributed to the Company	–
– attributed to Enric	57,369
	57,369

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X. CONTINGENCIES

1. Guarantees provided for external parties

CIMC Raffles, a subsidiary of the Group, provided the guarantee for the vessel leasing of its clients. As at 31 December 2019, the amount guaranteed by Raffles was about RMB118,750,000 (31 December 2018: RMB163,146,000).

CIMC Vehicle, a subsidiary of the Group, signed contracts with Huishang Bank, Zhongyuan Bank, China Guangfa Bank and Industrial Bank, which was granted to the distributors and customers of CIMC Vehicles and its subsidiaries arising from purchase of vehicle products. As at 31 December 2019, the aggregate amount of credit facilities in respect of which CIMC Vehicles and its subsidiaries provided guarantees to the distributors and customers was RMB1,161,439,000 (31 December 2018: RMB863,736,000).

The Group's subsidiaries, Shenyang CIMC Industrial Park Investment Development Co., Ltd. ("Shenyang Vehicle Industrial Park") and Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., ("Shaanxi Vehicle Industrial Park") cooperated with China Construction Bank and Shaanxi Xianyang Qindu Rural Commercial Bank, respectively, in mortgage credit cooperation. It signed a loan guarantee contract, which provide guarantee to the customers of two companies. As at 31 December 2019, the customer financing loans provided by the Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park were approximately RMB18,953,000 (31 December 2018: RMB18,176,000).

The Group's subsidiary, CIMC Chancheng and its holding subsidiaries, provided guarantees to purchasers of commodity homes by the way of secured loans. The amount of guarantees provided by the Group was RMB1,738,861,809 as at 31 December 2019 (31 December 2018: RMB1,073,457,000).

C&C Trucks and its subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2019, the aggregate amount of credit facilities in respect of which C&C Trucks and its subsidiaries provided guarantees to the distributors and customers was RMB869,185,000 (31 December 2018: RMB572,427,000).

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X. CONTINGENCIES (Continued)

2. Notes payables issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees

The Group does not recognize notes payables or letter of credit issued as deposits. Corresponding inventories, advances to suppliers and notes payables are recognized at the earlier of the date of delivery of goods and the maturity date of the notes issued. As at 31 December 2019, the Group had no notes issued but not accounted and issued outstanding letters of credit RMB187,630,000 (31 December 2018: RMB423,994,000).

As at 31 December 2019, the Company had outstanding balance of guarantees for its subsidiaries RMB496,345,000 USD295,773,000 (equivalent to RMB2,063,372,000) and EUR75,669,000 (equivalent to RMB591,395,000) respectively, totaling RMB3,151,112,000 (31 December 2018: RMB1,485,296,000).

As at 31 December 2019, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB1,340,667,000, of which the balance of the performance guarantee was RMB740,402,000. The balance of payment guarantee was RMB556,558,000, and the balance of the quality guarantee was RMB9,528,000, and the balance of customs guarantees was RMB6,000,000 (31 December 2018: RMB641,386,000).

3. Significant pending litigations

EIHL, an indirect wholly-owned subsidiary of Enric and an subsidiary of the Group, received certain litigation papers including notification calling for responses to the action and summons served by the Jiangsu Province High People's Court in December 2018, where SOEG claims, amongst other things, that EIHL should pay for the remaining balance of the equity transfer of RMB153,456,000 in relation to the acquisition of equity interest in SOE from SOEG in 2015. EIHL has filed an objection to jurisdiction. The time for first instance has not yet been determined. The Directors of the Company were of the view that no provision shall necessarily be made on the litigation claims as at 31 December 2019 after taking into account of the progress of the current litigation and the opinion of independent legal counsels.

XI. COMMITMENTS

1. Significant commitments

(1) Capital commitments

	2019	2018
Significant fixed assets purchase contracts entered into underperformance or preparation of performance	74,281	179,560
Investment contracts entered into but not performed or performed partially	–	1,761,507
Significant contracts entered into for Ships to be manufactured for sales or lease	265,320	69,516
Total	340,141	2,010,583

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XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution after the balance sheet date

Dividend proposed (Note (1))	430,141
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(1) Dividend for ordinary shares proposed after the balance sheet date

On 26 March 2020, board of directors proposed to distribute a cash dividend of RMB0.12 per share to all the shareholders without bonus shares, and without new shares being issued by way of conversion of capital surplus. The amount of shares calculated as at 31 December 2019 was RMB430,141,000 (2018: RMB0.55 per share, a total of RMB1,641,744,000 and 2 new shares for every 10 shares being held by way of conversion of capital surplus). This proposal is yet to be approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognized as liabilities at the balance sheet date.

2. Operating lease receipts after the balance sheet date

As the lessor, the Group's undiscounted amount of lease receipts receivable after the balance sheet date is summarized as follows:

	31 December 2019
Within 1 year (inclusive)	1,365,894
1 to 2 years (inclusive)	935,034
2 to 3 years (inclusive)	775,155
3 to 4 years (inclusive)	40,755
4 to 5 years (inclusive)	40,755
Over 5 years	25,119
	3,182,712

3. The influence of Coronavirus Disease 2019 (the "COVID-19")

After the outbreak of COVID-19 since January 2020, the Company, its segments and subsidiaries have been fully implementing government epidemic prevention plan, and actively responding to the impact of the epidemic on production and operation. Most of the Company's segments and subsidiaries are located in mildly affected areas. As at the date of this report, except for the subsidiaries located in the severely affected areas, the Company's segments and subsidiaries have resumed production in order.

As the COVID-19 epidemic is having a significant impact on the domestic and international economy, it is expected to have an impact on the different operations of the Company's segments: the impact on the logistics segment is expected to be significant; the impact on the rest segments is expected to be relatively mild. The subsequent impact will depend on the epidemic severity, the epidemic duration, and the recovery of global industrial chains.

The Group will pay close attention to the development of the COVID-19 epidemic, assess and actively respond to its possible impact on the Group's financial situation, operating results and other aspects.

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XIII. SEGMENT REPORTING

In accordance with the Group's internal organization structure, management requirement and internal reporting process, nine reportable segments are identified by the Group including: Containers manufacturing, Road transportation vehicles, Energy, chemical and liquid food equipment, Offshore engineering, Airport, fire and automated logistics equipment, Heavy truck, Logistics services, Real estate and Finance and asset management. 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 receivables, 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 amortization, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

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XIII. SEGMENT REPORTING (Continued)

1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis:

Item	Containers manufacturing 2019	Road transportation vehicles 2019	Energy, chemical and liquid food equipment 2019	Offshore engineering 2019	Airport, fire and automated logistics equipment 2019	Heavy truck 2019	Logistics services 2019	Real estate 2019	Finance and asset management 2019	Others 2019	Elimination between segments 2019	Total 2019
External transaction	19,716,666	23,215,109	14,885,699	3,840,742	5,959,423	2,427,352	9,109,855	1,432,577	1,798,493	3,429,425	-	85,815,341
Inter segment transaction	446,116	120,269	189,417	675,833	2,749	121,201	47,433	3,419	414,506	871,856	(2,892,799)	-
Cost of sales from main operations	18,279,881	19,949,555	12,208,640	4,378,869	4,496,951	2,271,573	8,315,364	639,065	1,719,096	3,720,048	(3,653,525)	72,325,517
Investment income/(loss) in joint ventures and associates	(985)	(3,522)	(1,103)	(332)	937	26,213	16,677	158,001	5,852	(166,919)	-	34,819
Impairment loss for the year	(1,609)	22,812	(18,201)	21,915	5,424	20,447	26,267	-	5,030,298	116,767	-	5,224,120
Depreciation and amortization expenses	480,365	376,831	280,997	556,359	191,098	148,432	166,887	51,746	625,625	31,276	(131,327)	2,778,289
Interest income	324,156	111,411	14,438	728,825	4,689	34,661	13,336	110,797	292,666	2,635,777	(3,780,542)	490,214
Interest expenses	232,468	139,246	52,529	1,435,865	75,711	111,873	35,846	662,907	457,707	2,559,146	(4,128,551)	1,634,747
Segment operating profit/(loss)	82,733	1,537,969	1,001,195	(1,251,351)	302,137	(247,573)	167,715	1,048,967	(4,954,482)	8,065,768	(139,204)	5,613,874
Income tax expenses	(54,358)	234,790	183,116	33,741	49,061	(27,700)	57,264	242,640	163,859	2,273,951	(52,603)	3,103,761
Net profit/(loss)	137,091	1,303,179	818,079	(1,285,092)	253,076	(219,873)	110,451	806,327	(5,118,341)	5,791,817	(86,601)	2,510,113
Segment total assets	18,627,725	18,458,864	16,213,870	37,240,984	9,060,017	4,356,856	5,266,855	28,293,788	49,458,824	58,148,561	(73,018,823)	172,107,521
Segment total liabilities	10,869,010	8,240,243	8,786,315	40,964,430	6,108,527	4,033,179	3,346,657	19,710,093	47,849,323	49,700,717	(82,538,951)	117,069,543
Supplementary information:	-	-	-	-	-	-	-	-	-	-	-	-
- Segment expenditures/(income) other than depreciation and amortization	(98,841)	(45,395)	35,862	98,314	45,374	204,217	60,318	(40,932)	5,217,947	393,621	6,534	5,877,019
- Long-term equity investment of joint ventures and associates	136,760	101,256	22,685	7,668	23,444	270,279	543,341	3,581,058	382,140	294,943	-	5,363,574
- Segment expenditures raising from additions of non-current assets	1,064,093	1,349,792	1,051,777	5,086,225	1,141,941	227,223	369,149	1,184,352	13,495,499	350,757	(16,217,827)	9,102,981

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XIII. SEGMENT REPORTING (Continued)

1. Segment profits, losses, assets and liabilities (Continued)

The information disclosed below for each reporting segment of the Group is that the management of the Group has used when measuring the profit/(loss), assets and liabilities of the reporting segment, or has not used the following data but provided to the management of the Group on a regular basis (continued):

Item	Containers manufacturing 2018	Road transportation vehicles 2018	Energy, chemical and liquid food equipment 2018	Offshore engineering 2018	Airport, fire and automated logistics equipment 2018	Heavy truck 2018	Logistics services 2018	Real estate 2018	Finance and asset management 2018	Others 2018	Elimination between segments 2018	Total 2018
External transaction	31,164,394	24,142,946	14,065,905	1,631,760	4,670,212	2,351,978	8,585,513	2,888,302	2,085,170	1,911,442	-	93,497,622
Inter segment transaction	371,827	256,772	96,895	801,838	935	135,688	42,749	4,903	7,214	2,320,047	(4,038,868)	-
Cost of sales from main operations	28,134,193	20,868,516	11,316,428	2,547,251	3,699,530	2,304,291	7,882,680	1,519,215	1,232,258	3,909,622	(4,703,720)	78,710,264
Investment income/(loss) in joint ventures and associates	(145)	2,295	(94)	-	1,621	29,529	31,670	93,696	579	7,264	-	166,415
Impairment loss for the year	35,387	84,173	77,996	2,160,506	780	40,866	1,204	-	18,438	6,274	-	2,425,624
Depreciation and amortization expenses	401,307	288,829	379,134	414,830	92,651	142,334	131,786	13,216	261,057	131,390	-	2,256,534
Interest income	279,540	86,084	27,969	529,116	8,350	28,206	8,957	227,915	318,631	2,140,214	(3,064,690)	590,292
Interest expenses	193,558	163,714	77,406	994,383	40,235	100,882	18,315	265,254	154,340	1,911,624	(1,991,651)	1,928,060
Segment operating profit/(loss)	2,535,395	1,614,642	1,045,942	(3,382,469)	225,599	(133,981)	242,236	790,082	626,769	3,641,124	(521,781)	6,683,558
Income tax expenses	644,744	341,538	254,212	66,766	32,855	(14,421)	84,453	226,176	69,449	929,580	(20,249)	2,615,103
Net profit/(loss)	1,890,651	1,273,104	791,730	(3,449,235)	192,744	(119,560)	157,783	563,906	557,320	2,711,544	(501,532)	4,068,455
Segment total assets	22,809,798	16,107,264	16,392,546	32,367,211	6,331,148	4,092,417	4,672,804	20,529,296	45,672,865	56,870,263	(66,961,649)	158,883,963
Segment total liabilities	12,529,958	8,132,501	10,777,089	34,797,274	3,961,303	3,508,437	2,640,715	13,974,787	36,710,325	50,242,861	(70,794,275)	106,480,975
Supplementary information:												
- Segment expenditures/ (income) other than depreciation and amortization	(133,186)	(11,527)	42,020	2,294,341	10,113	78,745	829	(14,311)	159,134	(112,431)	341,073	2,654,800
- Long-term equity investment of joint ventures and associates	96,771	89,493	1,661	32,951	21,729	246,765	525,182	1,782,570	380,129	392,649	-	3,569,900
- Segment expenditures raising from additions of non-current assets	955,605	983,524	513,520	447,276	371,941	53,237	291,664	139,021	4,220,840	133,456	(3,182,818)	4,927,266

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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	
			31 December	31 December
	2019	2018	2019	2018
PRC	45,317,471	44,558,488	52,340,352	57,483,032
Asia (exclusive of PRC)	9,250,880	6,533,782	290,438	699,335
America	14,409,712	23,406,096	10,666,618	384,761
Europe	14,892,982	17,439,309	1,551,403	1,697,877
Others	1,944,296	1,559,947	178,547	53,546
Total	85,815,341	93,497,622	65,027,358	60,318,551

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES

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.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (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, account and notes receivables, other 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.

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.

The management team of the Group had made the plan for finance lease receivables risk management, based on the research on its own industries, the credit rating of counterparties and the knowledge of the counterparties' businesses and financial standings. If the default of contract occurs, the management team of the Group may ask for returning, withdrawing or selling leased property, depending on the applicableness in individual cases. If the delay of repayment occurs, the management team keeps the right to collect the default interest based on the amount of overdue repayment and default interest rate, until the overdue payment will have been paid. In addition, the management team may ask for the deposit which can be paid for the money owed by the leasee, depending on individual cases. When the Group assesses the credit risk, its strategy is to manage, restrict and control the over-concentration of the credit risk, especially, regularly assessing leasee's ability to make the repayment.

Based on the indicators such as assets conditions and profit forecast of the associates and joint ventures, the Group provide funds to them and continuously monitor the project progress and business condition, to ensure the recoverability of fund.

In addition, the receivables of the Group that are neither overdue nor impaired mainly due from 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 16.72% (2018: 29.44%) of the total accounts receivables and other receivables were due from the five largest customers of the Group.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

1. Credit risk (Continued)

Investments are normally made only to liquid securities quoted on a recognized stock exchange (except for investments for long-term strategic purposes). Besides, the credit rating of counterparty should be the same or above the Group. For transactions involving derivative financial instruments, counterparties should have sound credit ratings and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit ratings, 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, as 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 2019, the Group has no significant collateral or other credit enhancements held as a result of the debtor's mortgage.

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 short-term and long-term liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

2. Liquidity risk (Continued)

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 2019 Undiscounted contractual cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
Financial assets						
Cash at bank and on hand	9,714,792	–	–	–	9,714,792	9,714,792
Financial assets held for trading	415,503	–	–	–	415,503	415,503
Derivative financial assets	100,980	74,445	–	–	175,425	175,425
Note receivables	636,619	–	–	–	636,619	636,619
Accounts receivables	18,394,971	–	–	–	18,394,971	18,394,971
Receivables financing	1,236,504	–	–	–	1,236,504	1,236,504
Current portion of non-current assets	6,546,308	–	–	–	6,546,308	4,294,669
Other receivables	7,591,488	–	–	–	7,591,488	7,591,488
Other debt investments	–	–	–	31,272	31,272	31,272
Long-term receivables	–	3,574,232	17,489,724	–	21,063,956	13,777,669
Sub-total	44,637,165	3,648,677	17,489,724	31,272	65,806,838	56,268,912
Financial liabilities						
Short-term borrowings	17,557,197	–	–	–	17,557,197	17,557,197
Derivative financial liabilities	352,167	40,275	–	11,264	403,706	403,706
Notes payables	2,581,139	–	–	–	2,581,139	2,581,139
Accounts payables	12,745,264	–	–	–	12,745,264	12,745,264
Debentures payable	312,200	2,294,802	6,138,733	17,170	8,762,905	8,014,049
Other payables	11,877,217	–	–	–	11,877,217	11,877,217
Current portion of non-current liabilities	9,616,415	–	–	–	9,616,415	9,616,415
Other current liabilities	4,106	–	–	–	4,106	4,106
Long-term borrowings	1,608,710	15,325,545	16,868,983	3,367,254	37,170,492	30,918,302
Lease liabilities	–	164,439	280,043	313,363	757,845	667,964
Long-term payables	–	108,227	–	–	108,227	108,227
Other non-current liabilities	–	–	–	1,226,401	1,226,401	1,226,401
Sub-total	56,654,415	17,933,288	23,287,759	4,935,452	102,810,914	95,719,987
Net total	(12,017,250)	(14,284,611)	(5,798,035)	(4,904,180)	(37,004,076)	(39,451,075)

As at 31 December 2019, the Group has got commitments from main financial institutions to provide enough reserve funds, in order to satisfy short-term and long-term demands of working capital.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

2. Liquidity risk (Continued)

	31 December 2018					Carrying amount at balance sheet date
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
Financial assets						
Cash at bank and on hand	9,729,152	–	–	–	9,729,152	9,729,152
Financial assets held for trading	193,676	–	–	–	193,676	193,676
Derivative financial assets	49,055	57,506	274,575	–	381,136	381,136
Note receivables	1,423,547	–	–	–	1,423,547	1,423,547
Accounts receivables	17,895,919	–	–	–	17,895,919	17,895,919
Receivables financing	179,412	–	–	–	179,412	179,412
Current portion of non-current assets	6,541,964	–	–	–	6,541,964	4,387,886
Other receivables	11,276,144	–	–	–	11,276,144	11,276,144
Long-term receivables	–	3,554,910	18,257,798	79,785	21,892,493	13,874,369
Sub-total	47,288,869	3,612,416	18,532,373	79,785	69,513,443	59,341,241
Financial liabilities						
Short-term borrowings	19,898,221	–	–	–	19,898,221	19,898,221
Derivative financial liabilities	342,726	–	8,499	25,374	376,599	342,726
Notes payables	1,889,785	–	–	–	1,889,785	1,889,785
Accounts payables	13,210,828	–	–	–	13,210,828	13,210,828
Debentures payable	8,072,300	85,800	2,075,552	19,275	10,252,927	2,019,275
Other payables	9,336,513	–	–	–	9,336,513	9,336,513
Current portion of non-current liabilities	14,075,601	–	–	–	14,075,601	14,075,601
Other current liabilities	1,024,221	–	–	–	1,024,221	1,024,221
Long-term borrowings	1,133,034	8,809,899	19,188,682	826,918	29,958,533	25,769,773
Long-term payables	–	7,442	232,783	–	240,225	236,591
Other non-current liabilities	278,210	278,210	278,210	1,349,812	2,184,442	1,737,458
Sub-total	69,261,439	9,181,351	21,783,726	2,221,379	102,447,895	89,540,992
Net total	(22,151,982)	(5,568,935)	(3,251,353)	(2,141,594)	(33,113,864)	(30,379,163)

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

2. Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

31 December 2019				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
1,172,536	2,215,665	516,587	2,400	3,907,188

31 December 2018				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
1,546,109	669,694	471,139	4,000	2,690,942

- (ii) Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2019		31 December 2018	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	26,863,338	–	25,491,970	–
1 to 2 years	14,031,614	–	7,878,943	–
2 to 5 years	14,353,711	–	17,249,718	–
over 5 years	2,532,977	–	641,112	–
	57,781,640	–	51,261,743	–

3. Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing debt such as long-term borrowings and debentures payable. Financial liabilities with floating interest rates expose the Group to cash flow interest rate risk, and financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of fixed-rate and floating-rate contracts based on the market environment. As at December 31, 2019, the Group's long-term interest-bearing debts were mainly RMB-denominated floating-rate contracts with an amount of RMB20,626,847,000 (December 31, 2018: RMB20,910,958,000) (Note IV.41).

The Group continuously monitors the level of the interest rate. Rising of interest rates will increase the cost of new interest-bearing debt and the outstanding interest-bearing debt at floating interest rate, and will have a significant adverse impact on the Group's financial performance. Management will make timely measures based on the latest market conditions. Interest rate swaps may be arranged to reduce the risk of interest rate. The Group has interest rate swap arrangements in 2019 and 2018 (Notes IV.3, Note IV.16 and Note IV.45).

As at 31 December 2019, it is estimated that a general increase/decrease of 50 basis in floating interest rates, with all other factors held constant, would decrease/increase the Group's net profit by RMB77,351,000 (31 December 2018: RMB78,416,000).

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

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 receivables 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 derivative financial instruments disclosed in Note IV.3, Note IV.16 and IV.45, the Group's exposure as at 31 December to currency risk arising from recognized assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	31 December 2019				31 December 2018			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	961,838	144,124	1,497,898	91,059	994,782	153,252	87,457	25,756
Receivables	6,606,400	152,570	58,034	16,029	9,539,480	284,324	38,435	103,019
Contract Assets	62,885	-	-	-	-	-	-	-
Short-term borrowings	(2,180,345)	(280,217)	(134,372)	-	(8,005,935)	(277,504)	(64,839)	-
Lease liabilities	(4,403)	-	(2,126)	-	-	-	-	-
Long-term borrowings	(2,196,226)	-	-	-	(4,654,401)	-	-	-
Payables	(2,111,753)	(108,793)	(35,154)	(1,050)	(6,431,794)	(148,434)	(51,812)	(172)
Current portion of non-current liabilities	(3,061,059)	-	(1,589)	-	(4,371,183)	-	-	-
Gross balance sheet exposure	(1,922,663)	(92,316)	1,382,691	106,038	(12,929,051)	11,638	9,241	128,603

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)**4. Foreign exchange risk (Continued)**

- (1) Besides the exposure to currency risk arising from derivative financial instruments disclosed in Note IV.3, Note IV.16 and IV.45, the Group's exposure as at 31 December to currency risk arising from recognized assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded. (Continued)

As at 31 December 2019 and 31 December 2018, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Company with US currency in base currency translated into RMB is listed as follows:

	31 December 2019				31 December 2018			
	RMB	EUR	HKD	JPY	RMB	EUR	HKD	JPY
Cash at bank and on hand	209,642	12,108	6,069	–	314,753	989	8,542	–
Receivables	148,991	–	1,495	–	447,618	–	–	–
Receivables financing	32,792	–	–	–	–	–	–	–
Short-term borrowings	(207,370)	(247,266)	–	–	(312,234)	(198,553)	–	–
Payables	(786,092)	–	(5)	–	(573,106)	(52,982)	–	–
Current portion of non-current liabilities	(2,043)	–	(1,589)	–	–	–	–	–
Gross balance sheet exposure	(604,080)	(235,158)	5,970	–	(122,969)	(250,546)	8,542	–

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (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		Middle rate at the balance sheet date	
	2019	2018	31 December 2019	31 December 2018
USD	6.8918	6.6313	6.9784	6.8634
EUR	7.7160	7.8064	7.8125	7.8493
HKD	0.8802	0.8460	0.8958	0.8762
JPY	0.0632	0.0601	0.0641	0.0619

- (3) Sensitivity analysis

Assuming other risk variables other than the exchange rate remain unchanged, the exchange rate of RMB against USD, HKD, EUR and JPY caused the RMB to appreciate or depreciate by 5% on 31 December 2019 (RMB against USD and HKD caused the RMB to appreciate by 4.44% and 2.19%, RMB exchange rate against EUR and JPY depreciated the value of the RMB by 0.48% and 0.06% on 31 December 2018), and this will result the changes in shareholder equity and gain or loss. This effect is converted into RMB at the spot exchange rate on the balance sheet date and listed as follows:

	Equity	Net profit
31 December 2019		
USD	72,100	72,100
EUR	3,462	3,462
HKD	(51,851)	(51,851)
JPY	(3,976)	(3,976)
Total	19,735	19,735
31 December 2018		
USD	(46,545)	(46,545)
EUR	(388)	(388)
HKD	4	4
JPY	(2,112)	(2,112)
Total	(49,041)	(49,041)

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

4. Foreign exchange risk (Continued)

(3) Sensitivity analysis (Continued)

Assuming other risk variables other than the exchange rate remain unchanged, for the entities whose recording currency is USD, the exchange rate of USD against RMB, EUR, HKD and JPY caused USD to appreciate or depreciate by 5% on 31 December 2019 (USD exchange rate against RMB, EUR, HKD and JPY caused USD to appreciate by 0.49%, 4.95%, 0.42% and 2.69% on 31 December 2018), and this will result the changes in shareholder equity and gain or loss. This effect is converted into RMB at the spot exchange rate at the balance sheet date and listed as follows:

	Equity	Net profit
31 December 2019		
RMB	22,653	22,653
EUR	8,818	8,818
HKD	(224)	(224)
JPY	–	–
Total	31,248	31,248
31 December 2018		
RMB	452	452
EUR	9,302	9,302
HKD	(27)	(27)
JPY	–	–
Total	9,727	9,727

The sensitivity analysis above assumes that the changes 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 and interest swap contact disclosed in Note IV.3, Note IV.16 and IV.45, but the changes in exchange rate may have effect on shareholders' equity and net profit.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

5. Other price risks

Other price risks are mainly stock price risk. As at 31 December 2019, the Group held 40,414,000 tradable shares of Qingdao Port International Co., Ltd., 1,047,931,000 tradable shares of Shouchang International and 13,521,000 tradable shares of Otto Energy Limited.

As at 31 December 2019, it is estimated that a general increase/decrease of the comprehensive index of shares 5.00% (31 December 2018: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB20,784,000 (31 December 2018: RMB7,023,000).

The sensitivity analysis above arise assuming that the changes in the comprehensive index of shares occurred at the balance sheet date in the reasonable range and had been applied to remeasure all 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% changes in the comprehensive index of shares is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

6. Fair value estimates

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2019:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading –	IV.2				
Investments in equity instrument held for trading		200,206	–	–	200,206
Investments in debt instrument		–	–	215,297	215,297
Derivative financial assets –	IV.3				
Foreign exchange forward contract		–	92,098	–	92,098
Foreign exchange option contract		–	56	–	56
Interest rate swap contract		–	8,826	–	8,826
Finance receivables –	IV.6				
Notes receivables		–	1,236,504	–	1,236,504
Other debt investments –	IV.14				
Financial bonds		31,272	–	–	31,272
Other equity investments –	IV.15				
Unlisted company stock		–	–	1,009,586	1,009,586
Listed company stock		363,799	–	–	363,799
Other non-current financial assets –	IV.16				
Interest rate swap contract		–	74,445	–	74,445
Financial assets total		595,277	1,411,929	1,224,883	3,232,089
Non-financial assets					
Investment properties	IV.19	–	–	2,769,715	2,769,715
Total		595,277	1,411,929	3,994,598	6,001,804

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (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 2019 (Continued):

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative financial liabilities –	IV.3				
Foreign exchange forward contract		–	(50,595)	–	(50,595)
Foreign exchange option contract		–	(101)	–	(101)
Currency swap contract		–	(166)	–	(166)
Commitment to minority shareholders		–	–	(301,305)	(301,305)
Other non-current liabilities –	IV.45				
Interest rate swap contract		–	(40,275)	–	(40,275)
Financial guarantee contracts		–	–	(11,264)	(11,264)
Financial liabilities total		–	(91,137)	(312,569)	(403,706)

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (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 2018:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading –	IV.2				
Investments in equity instrument held for trading		193,676	–	–	193,676
Derivative financial assets –	IV.3				
Foreign exchange forward contract		–	27,480	–	27,480
Foreign exchange option contract		–	21,180	–	21,180
Interest rate swap contract		–	193	–	193
Currency swap contract		–	35	–	35
Hedging instruments		–	167	–	167
Finance receivables –	IV.6				
Notes receivables		–	179,412	–	179,412
Other debt investments –	IV.14				
Financial bonds		30,581	–	–	30,581
Other equity investments –	IV.15				
Unlisted company stock		–	–	800,856	800,856
Listed company stock		183,299	–	–	183,299
Other non-current financial assets –	IV.16				
Interest rate swap contract		–	332,081	–	332,081
Financial assets total		407,556	560,548	800,856	1,768,960
Non-financial assets					
Investment properties	IV.19	–	–	1,966,277	1,966,277
Total		407,556	560,548	2,767,133	3,735,237
Liabilities					
Financial liabilities					
Derivative financial liabilities –	IV.3				
Foreign exchange forward contract		–	(22,520)	–	(22,520)
Foreign exchange option contract		–	(18,672)	–	(18,672)
Currency swap contract		–	(229)	–	(229)
Commitment to minority shareholders		–	–	(301,305)	(301,305)
Other non-current liabilities –	IV.45				
Interest rate swap contract		–	(8,499)	–	(8,499)
Financial guarantee contracts		–	–	(25,374)	(25,374)
Financial liabilities total		–	(49,920)	(326,679)	(376,599)

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

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 2019, 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.

The Group has appointed qualified valuer to conduct valuation for the fair value of the investment properties. The methods used include income model and cost model. The key assumptions include rental growth rates, capitalisation rates and unit prices.

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2019	1,966,277
Transferred from inventories, fixed assets and construction in progress	363,077
Total gains for the current period	451,771
– Gains recognized in profit or loss	33,156
– Gains recognized in other comprehensive income	418,615
Transfer to other assets	(11,410)
Disposals	–
31 December 2019	2,769,715
	Investment properties
1 January 2018	1,679,189
Transferred from inventories and construction in progress	125,532
Total gains for the current period	180,537
– Gains recognized in profit or loss	55,223
– Gains recognized in other comprehensive income	125,314
Disposals	(18,981)
31 December 2018	1,966,277

Finance Department of the Group is responsible for carrying out the valuation of financial assets and financial liabilities. The above valuation results are independently verified and accounted for by the Finance Department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 3:

	Fair value as at 31 December 2019	Valuation techniques	Significant unobservable inputs			
			Name	Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalization rate	5%-9%		
Completed investment properties held for sale	2,355,331	Income model	Monthly rental (RMB/square meter/month)	4.25-80.22		(a) Unobservable
Land use rights	414,384	Direct comparison	Market price (RMB/square meter)	479.3-2113		(a) Unobservable

(a) The relationship of unobservable inputs to fair value are as follows:

- The higher of the rate of return/capitalisation rate, the lower of fair value;
- The higher of the expected vacancy rate, the lower of fair value;
- The higher of the monthly rental, the higher of the fair value;
- The higher of the market price, the higher of the fair value;
- The higher of the budgeted construction cost to be incurred, the lower of the fair value;
- The higher of the anticipated developer's profit margin, the lower of the fair value.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

(a) The relationship of unobservable inputs to fair value are as follows: (Continued)

	Fair value as at 31 December 2019	Valuation techniques	Name	Significant unobservable inputs		
				Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalization rate	5.5%-9%		
Completed investment properties held for sale	1,552,554	Income model	Monthly rental (RMB/square meter/month)	11.43-116.81	(a)	Unobservable
		Cost model	Budgeted construction cost to be incurred (RMB/square meter)	962-7,666		
			Anticipated developer's profit margin	6.7%-12.9%	(a)	Unobservable
Land use rights	413,723	Direct comparison	Market price (RMB/square meter)	450-2188	(a)	Unobservable

(2) Assets measured at fair value on a non-recurring basis

The non-current assets held for sale are measured at the lower of the book value and the fair value less the selling costs. As at 31 December 2019, the Group's assets classified as available for sale include investment properties of RMB26,401,000, fixed assets of RMB56,448,000 and intangible assets of RMB10,253,000 (Note IV.11). Fair value is determined based on the present value of estimated future cash flows (RMB26,401,000, RMB65,228,000 and RMB23,460,000), which belongs to the third level.

(3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities in the Group measured by the amortized cost method of including: accounts receivables, short-term borrowings, accounts payables, long-term borrowings, and debentures payable, long-term payables etc.

As at 31 December 2019, all financial instruments are carried at amounts not materially different from their fair value.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(3) Assets and liabilities not measured at fair value but for which the fair value is disclosed (Continued)

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.

(4) 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 other equity instrument investments 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.

(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.

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (Continued)

6. Fair value estimates (Continued)

(4) Estimation and assumption of fair values (Continued)

(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.

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.

In 2019, the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2018: not to exceed 70%). The Debt-Asset ratio as at 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019	31 December 2018
Total Liabilities	117,069,543	106,480,975
Total Assets	172,107,521	158,883,963
Debt-Asset ratio	68%	67%

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1. Cash at bank and on hand

	31 December 2019	31 December 2018
Bank deposits	1,569,703	1,739,350
Other cash balances	6,595	6,539
Total	1,576,298	1,745,889
Including: cash abroad	–	–

As at 31 December 2019, restricted cash at bank and on hand of the Company amounted to RMB23,332,000 (31 December 2018: RMB24,494,000).

As at 31 December 2019, the fixed deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB1,100,000,000 (31 December 2018: RMB1,000,000,000).

2. Other receivables

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

	31 December 2019	31 December 2018
Amounts due from related parties	21,235,920	20,489,937
Dividends receivable	4,291,084	4,698,756
Interest receivable	80,349	38,013
Security deposits	171	127
Receivables from equity transfer	–	8,148
Others	22,711	8,599
Sub-total	25,630,235	25,243,580
Less: provision for bad debts	(4,580)	(4,580)
Total	25,625,655	25,239,000

(2) The ageing analysis of other receivables is as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	17,272,905	15,435,646
1 to 2 years (inclusive)	3,780,819	3,905,816
2 to 3 years (inclusive)	62,812	113,347
Over 3 years	4,513,699	5,788,771
Total	25,630,235	25,243,580

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2. Other receivables (Continued)

(3) Loss provision and changes in book balance

	First stage				Third stage			Total
	Expected credit loss in the next twelve months (collectively assessed)		Expected credit loss in the next twelve months (individually assessed)		Sub-total	Lifetime expected credit losses rate (suffered credit impairment)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
1 January 2019	25,239,000	-	-	-	-	4,580	(4,580)	(4,580)
Increase in current year	33,226,050	-	-	-	-	-	-	-
Reversal in current year	(32,839,395)	-	-	-	-	-	-	-
Write-off and derecognize in current year	-	-	-	-	-	-	-	-
Including: Write-off in current year	-	-	-	-	-	-	-	-
Derecognize	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
31 December 2019	25,625,655	-	-	-	-	4,580	(4,580)	(4,580)

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2. Other receivables (Continued)

(3) Loss provision and changes in book balance

(i) As at 31 December 2019, the provision for bad debts of other receivables in the first stage is as follows:

	31 December 2019			31 December 2018		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Accrual ratio	Amount	Amount	Accrual ratio
Amounts due from related parties	21,235,920	-	-	20,489,937	-	-
Dividends receivable	4,291,084	-	-	4,698,756	-	-
Interest receivable	80,349	-	-	38,013	-	-
Receivables from equity transfer	-	-	-	8,148	-	-
Security deposits	171	-	-	127	-	-
Others	18,131	-	-	4,019	-	-
	25,625,655	-	-	25,239,000	-	-

(ii) As at 31 December 2019 and 31 December 2018, the other receivables for the provision of bad debts in the portfolio are all in the third stage, as analysed below:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Individually assessed				
Others	4,580	100%	(4,580)	Note (i)
	4,580		(4,580)	

Note (i): Provision is measured as lifetime expected credit losses.

(4) There is no reversal or recovery of provision for the current year.

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2. Other receivables (Continued)

(5) As at 31 December 2019, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for bad debts
CIMC Hong Kong	fund transfer, daily transfer	8,398,665	Within 1 year, 1 to 2 years	32.77%	–
CIMC Raffles	fund transfer	4,630,923	Within 1 year, 1 to 2 years	18.07%	–
CIMC Financing and Leasing	fund transfer, daily transfer	3,350,911	Within 1 year	13.07%	–
C&C Trucks	fund transfer, daily transfer	1,043,530	Within 1 year, 1 to 2 years	4.07%	–
CIMC Investment	fund transfer	884,224	Within 1 year, 1 to 2 years	3.45%	–
		18,308,253		71.43%	–

As at 31 December 2019, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for bad debts
CIMC Hong Kong	fund transfer, daily transfer	5,358,734	Within 1 year, 1 to 2 years	21.23%	–
CIMC Raffles	fund transfer	2,792,873	Within 1 year, 1 to 2 years	11.06%	–
CIMC Chancheng	fund transfer, daily transfer	2,543,281	Within 1 year	10.07%	–
CIMC Financing and Leasing	fund transfer, daily transfer	2,354,495	Within 1 year, 1 to 2 years	9.33%	–
Hongxin Berg	fund transfer	1,079,857	Within 1 year, 1 to 2 years	4.28%	–
		14,129,240		55.97%	–

(6) Other receivables from shareholders holding more than 5% (inclusive) of the voting rights of the Company are analysed as follows:

As at 31 December 2019 and 31 December 2018, no amount due from shareholders holding more than 5% (inclusive) of the voting rights of the Company is included in the above balance of other receivables.

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2. Other receivables (Continued)

(7) Receivables from related parties

	Relationship with the Company	31 December 2019		31 December 2018	
		Amount	% of total balance	Amount	% of total balance
Associates	Associates	70,599	0.28%	69,259	0.27%
Subsidiaries	Subsidiaries	21,165,321	82.58%	20,420,678	80.89%
Total		21,235,920	82.86%	20,489,937	81.16%

(8) Other receivables derecognized due to transfer of financial assets

As at 31 December 2019, there were no other receivables derecognized due to transfer of financial assets of the Company in the current year (31 December 2018: Nil).

(9) Amount of assets and liabilities recognized due to the continuing involvement of securitised other receivables

As at 31 December 2019, there were no securitised other receivables.(31 December 2018: Nil).

3. Other equity investments

	31 December 2019	31 December 2018
Other equity investments		
Unlisted company equity		
– BOCM Schroder Stolt Fund Management	424,094	243,677
– China Railway United Logistics	303,943	445,596
	728,037	689,273

4. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2019	31 December 2018
Subsidiaries (2)	13,261,200	11,559,685
Less: impairment provisions	(424,637)	(88,086)
Total	12,836,563	11,471,599

There is no restriction on sale of the long-term equity investments held by the Company.

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4. Long-term equity investments (Continued)

(2) Subsidiaries:

Company name	31 December 2018	Increase in current year	Decrease in current year	31 December 2019	Share holding (%)	Voting rights (%)	Impairment provided in the current year	Cash dividend declared
Cost Method – Subsidiaries								
SCIMC	359,978	–	–	359,978	100.00%	100.00%	–	2,979,194
Xinhui CIMC	–	–	–	–	–	–	–	–
CIMC NO	77,704	–	–	77,704	47.50%	100.00%	–	–
Dalian CIMC	–	–	–	–	–	–	–	–
Chongqing CIMC	39,499	–	–	39,499	75.00%	100.00%	–	–
SCRC	200,892	–	–	200,892	72.00%	92.00%	–	43,938
CIMC Hong Kong	1,690	–	–	1,690	100.00%	100.00%	–	–
CIMC SD	162,686	–	–	162,686	98.53%	100.00%	–	126,118
CIMC Vehicles	606,912	–	–	606,912	37.67%	63.33%	–	177,320
CIMC Tech	41,526	–	–	41,526	59.46%	68.00%	–	–
CIMCWD	–	–	–	–	–	–	–	869
CIMC Training	48,102	–	–	48,102	100.00%	100.00%	–	–
DLZH	182,136	343,000	–	525,136	74.13%	100.00%	(424,637)	–
MEA	111,703	–	–	111,703	75.00%	100.00%	–	–
Shenzhen CIMC New Material	3,472	–	3,472	–	12.00%	100.00%	–	–
SZ Investment Holding	71,324	602	–	71,926	100.00%	100.00%	–	–
Finance Company	482,590	–	–	482,590	54.35%	100.00%	–	19,006
CIMC Financing and Leasing	422,363	735,262	–	1,157,625	75.00%	100.00%	–	91,718

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4. Long-term equity investments (Continued)

(2) Subsidiaries (Continued):

Company name	31 December 2018	Increase in current year	Decrease in current year	31 December 2019	Share holding (%)	Voting rights (%)	Impairment provided in the current year	Cash dividend declared
Qingdao CIMC Special Vehicle Co., Ltd.	-	-	-	-	-	-	-	681
SZ Investment	140,000	-	-	140,000	100.00%	100.00%	-	-
SESKYC	190,000	-	-	190,000	95.00%	100.00%	-	-
Container Holding	5,043,682	-	-	5,043,682	100.00%	100.00%	-	2,889,676
COOPERATIE CIMC U.A	205,022	-	-	205,022	99.00%	99.00%	-	-
Modern Logistic	803,904	-	-	803,904	100.00%	100.00%	-	86,010
C&C Trucks	1,430,593	-	-	1,430,593	70.06%	70.06%	-	-
CIMC Offshore Hoildings	35,000	-	-	35,000	100.00%	100.00%	-	-
Fortune	67,755	-	-	67,755	100.00%	100.00%	-	-
Dongguan Jiwang Industrial Park Co., Ltd.	30,000	-	-	30,000	100.00%	100.00%	-	-
Modular Investment	106,080	200,000	-	306,080	100.00%	100.00%	-	-
CIMC Technology	695,072	346,123	-	1,041,195	100.00%	100.00%	-	-
CIMC Capital	-	80,000	-	80,000	100.00%	100.00%	-	-
Total	11,559,685	1,704,987	3,472	13,261,200			(424,637)	6,414,530

5. Fixed assets

	31 December 2019	31 December 2018
Fixed assets (a)	133,486	137,907
Disposal of fixed assets (b)	58	32
	133,544	137,939

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5. Fixed assets (Continued)

(a) Fixed assets

	Plants and buildings Self-used	Machinery and equipment Self-used	Office and other equipment Self-used	Total
Original cost				
31 December 2018	146,606	29,426	137,687	313,719
Transferred from construction in progress	–	–	8,055	8,055
Additions	–	–	3,223	3,223
Transferred to investment property	(542)	–	–	(542)
Disposals	–	(1,674)	(3,207)	(4,881)
31 December 2019	146,064	27,752	145,758	319,574
Accumulated depreciation				
31 December 2018	54,811	20,385	100,616	175,812
Depreciation	4,356	1,796	8,530	14,682
Transferred to investment property	(14)	–	–	(14)
Disposals	–	(1,506)	(2,886)	(4,392)
31 December 2019	59,153	20,675	106,260	186,088
Net book value				
31 December 2018	91,795		37,071	137,907
31 December 2019	86,911	7,077	39,498	133,486

The amount of depreciation accrued for fixed assets in 2019 was included in the administrative expenses amounting to RMB14,682,000 (2018: RMB13,906,000).

The original cost transferred from construction in progress was RMB8,055,000 (2017: RMB6,068,000).

(b) Disposal of fixed assets

	31 December 2019	31 December 2018
Office and other equipment	58	32

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6. Short-term borrowings

The analysis of the Company's short-term borrowings is as follows:

	31 December 2019	31 December 2018
Bank borrowings – Unsecured	6,460,000	6,235,000

As at 31 December 2019, the short-term loan interest rate ranged from 3.69% to 4.25%. (31 December 2018: 4.55% to 5.44%)

7. Taxes payable

	31 December 2019	31 December 2018
Income tax payable	18,808	1,706
VAT payable	1,269	1,867
Withholding individual income tax	1,867	11,651
Others	1,848	289
Total	23,792	15,513

8. Other payable

(1) The analysis of the Company's other payables is as follows:

	31 December 2019	31 December 2018
Current account with subsidiaries	623,130	2,373,047
Interest payable	119,250	119,072
Accruals	1,701	18,378
Quality guarantees	188	68
Software use rights	–	1,659
Others	10,982	11,293
Total	755,251	2,523,517

(2) Significant other payables aged over one year

Other payables aged over 1 year are mainly unpaid warranty.

(3) As at 31 December 2019 and 31 December 2018, no amount due to shareholders who hold more than 5% (inclusive) of the voting rights of the Company is included in the balance of other payables.

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8. Other payable (Continued)

(4) Other payables to related parties:

Company name	Relationship with the Company	31 December 2019	31 December 2018
Total amount due to subsidiaries	Subsidiaries	623,130	2,373,047

9. Current portion of non-current liabilities

Item	Note	31 December 2019	31 December 2018
Current portion of long-term borrowings			
– Unsecured	XVI.10	800,000	900,000
Current portion of debentures payable	XVI.11	–	7,986,500
Total		800,000	8,886,500

10. Long-term borrowings

	31 December 2019	31 December 2018
Bank borrowings		
– Unsecured	3,409,000	1,753,000

As at 31 December 2019, there were no overdue long-term borrowings of which the durations are extended (31 December 2018: Nil).

As at 31 December 2019, the interest rate of long-term borrowing ranged from 1.20% to 3.69% (31 December 2018: 1.20% to 5.46%).

11. Debentures payable

Information for the Company's debentures payable is disclosed in Note IV.42.

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12. Deferred tax assets

- (1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	31 December 2019		31 December 2018	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deductible/ (taxable) Temporary differences
Deferred tax assets:				
Employee benefits payable	342,521	85,630	367,011	91,753
Derivative financial liabilities	3,379	845	–	–
Sub-total	345,900	86,475	367,011	91,753
Offsetting amount	(121,601)	(30,400)	(4,734)	(1,184)
Offsetting balances	224,299	56,075	362,277	90,569
Including:				
Amount expected to be reversed within 1 year (inclusive)		56,075		90,569

	31 December 2019		31 December 2018	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deductible/ (taxable) Temporary differences
Deferred tax liabilities:				
Derivative financial assets:				
Fair value gain on transfer day of investment properties	4,781	1,195	4,734	1,184
Sub-total	116,820	29,205	–	–
Offsetting amount	(121,601)	(30,400)	(4,734)	(1,184)
Offsetting balances	–	–	–	–

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13. Capital reserve

	1 January 2019	Increase in current year	Decrease in current year	31 December 2019
Capital surplus	3,697,912	34,544	(597,088)	3,135,368
Other capital reserve:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	207,011	–	(16,431)	190,580
Others	(568,492)	–	–	(568,492)
Total	3,337,205	34,544	(613,519)	2,758,230

	1 January 2018	Increase in current year	Decrease in current year	31 December 2018
Capital surplus	3,675,678	41,091	(18,857)	3,697,912
Other capital reserve:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	222,935	–	(15,924)	207,011
Others	(568,492)	–	–	(568,492)
Total	3,330,895	41,091	(34,781)	3,337,205

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14. Other comprehensive income

	Other comprehensive income in balance sheet				Other comprehensive income in income statement of 2019				
	31 December 2018	Changes in accounting policies	1 January 2019	Post-tax amount attributable to the Company	31 December 2019	Pre-tax amount incurred in current year	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount attributable to the Company
Items that will not be reclassified to profit or loss									
Changes in value of other equity investments									
Changes in fair value of other equity investments	300,368	-	300,368	38,764	339,132	38,764	-	-	38,764
The amount greater than the book value on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	-	-	-	87,614	87,614	116,819	-	29,205	87,614
Item that may be reclassified subsequently to profit and loss									
Property revaluation reserve	43,754	-	43,754	-	43,754	-	-	-	-
	344,122	-	344,122	126,378	470,500	155,583	-	29,205	126,378

	Other comprehensive income in balance sheet				Other comprehensive income in income statement of 2018				
	31 December 2017	Changes in accounting policies	1 January 2018	Post-tax amount attributable to the Company	31 December 2018	Pre-tax amount incurred in current year	Less: transfer of other comprehensive income	Less: Income tax expenses	Post-tax amount attributable to the Company
Items that will not be reclassified to profit or loss									
Changes in value of other equity investments	-	451,344	451,344	(150,976)	300,368	(150,976)	-	-	(150,976)
Item that may be reclassified subsequently to profit and loss									
Property revaluation reserve	43,754	-	43,754	-	43,754	-	-	-	-
	43,754	451,344	495,098	(150,976)	344,122	(150,976)	-	-	(150,976)

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15. Undistributed profits

	2019	2018
Undistributed profits at the beginning of the year	2,750,598	2,189,653
Add: net profit attributable to the Company for the current year	6,383,354	1,446,369
Less: influence of issuance of perpetual bonds	(200,400)	(77,841)
Less: appropriation for surplus reserve	(299,758)	(1,050)
Ordinary share dividends payable	(1,641,980)	(806,533)
Undistributed profits at the end of the year	6,991,814	2,750,598

Approved by the shareholders' general meeting on 3 June 2019, the Company distributed cash dividends to ordinary shareholders on 28 June 2019, at RMB0.55 per share (2018: RMB0.27 per share), totaling RMB1,641,980,000 (2018: RMB806,533,000).

16. Revenue and cost of sales

(1) Revenue and cost of sales

	2019	2018
Revenue from other operations	475,277	346,019
Cost of sales from other operations	2,129	-

(2) Revenue and cost of sales from other operations

	2019		2018	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	209,265	-	330,252	-
Others	266,012	2,129	15,767	-
Total	475,277	2,129	346,019	-

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17. Financial incomes

	2019	2018
Interest expenses	902,334	698,019
Less: Interest income	(964,172)	(444,985)
Exchange (gains)/losses	(152,137)	(297,701)
Others	30,889	27,391
Total	(183,086)	(17,276)

18. Expenses by nature

	2019	2018
Salary and wages	139,728	231,315
Agency fees	47,171	61,030
Office expenditure and operating expenditure	32,854	33,434
Software and system maintenance fee	43,321	24,958
Depreciation and amortization	29,254	24,924
Travel and communication costs	17,974	12,967
Advertising and stock certificate fee	9,246	6,560
Technical development expenditure	1,801	5,681
Other expenses	4,288	7,159
Total	325,637	408,028

19. Investment income

Investment income by projects

	2019	2018
Income from long-term equity investment under cost method	6,414,531	1,597,820
Income earned during the holding period of other equity investments	5,000	6,000
Gains/(losses) from disposal of long-term equity investment	2,183	(70,840)
Other investment income	(7,728)	788
Total	6,413,986	1,533,768

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20. Non-operating income

	2019	2018
Claims expenses	18,680	–
Guarantee losses	–	5,130
Others	203	3,223
Total	18,883	8,353

21. Income tax credits

	2019	2018
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	5,289	(17,429)
Total	5,289	(17,429)

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

	2019	2018
Profit before income tax	6,388,644	1,428,940
Income tax expenses calculated at applicable tax rates	1,597,161	357,235
Expenses not deductible for tax purposes	1,141	3,338
The tax effect of the current year's loss of unrecognized deferred income tax assets	–	2,582
Deductible losses in previously unrecognized deferred income tax assets	(71,295)	–
Income not subject to tax	(1,604,883)	(400,955)
Tax impact on unrecognized temporary differences in deferred income tax assets	83,165	20,371
Income tax expenses	5,289	(17,429)

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22. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

(a) Reconciliation from net profit to cash flows from operating activities:

	2019	2018
Net profit	6,383,354	1,446,369
Add: Impairment provision for assets	336,550	88,086
Depreciation of fixed assets	14,682	13,906
Amortization of intangible assets	5,985	258
Amortization of long-term prepaid expenses	8,587	10,760
Amortization of deferred income	(3,889)	(6,602)
(Profits)/losses on disposal of fixed assets,	250	(25,471)
Gains/(losses) on fair value changes	3,332	(5,348)
Financial expenses	(186,101)	570,255
Investment income	(6,413,986)	(1,533,768)
Provisions	18,680	–
Increase/(decrease) in deferred tax assets	5,289	(17,429)
Increase/(decrease) in operating receivables	386,410	(7,247,089)
Increase in operating payables	(1,785,335)	(2,899,647)
Net cash flows from operating activities	(1,226,192)	(9,605,720)

(b) Net change of cash and cash equivalents:

	2019	2018
Cash and cash equivalents at the end of the year	452,966	721,395
Less: cash and cash equivalents at the beginning of the year	(721,395)	(335,730)
Net change of cash and cash equivalents	(268,429)	385,665

(2) Composition of cash and cash equivalents

	31 December 2019	31 December 2018
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	452,966	721,395
Other monetary fund that can be readily drawn on demand	–	–
II. Cash and cash equivalents at the end of the year that can be liquidated at any time on demand	452,966	721,395

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash.

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SUPPLEMENTARY TO THE FINANCIAL STATEMENTS

1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2019	2018
(Losses)/income from disposal of non-current assets	(3,905)	1,347,841
Government grants recognized in profit or loss for the current period	893,366	386,822
Gains from changes in fair value arising from holding financial assets held for trading, and investments gains arising from disposal of other equity instrument investments, other debt investments and other non-current financial assets except for the effective hedging activities related to the Group's ordinary activities	(217,160)	(442,899)
Reversal of provision for impairment of receivables subject to impairment test separately	6,521	–
Income from disposal of long-term equity investment	352,525	113,061
Other non-operating income and expenses other than the above items	–	(158,226)
Other non-recurring gains and losses items	(158,785)	259,462
Effect of income tax	(207,787)	(360,164)
Effect of minority interests (after tax)	(364,028)	(24,070)
Total	300,747	1,121,827

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.

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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:

	Earnings per share					
	Weighted average return on net assets (%)		Basic earnings per share		Diluted earnings per share	
	2019	2018	2019	2018	2019	2018
Net profit attributable to ordinary shareholders of the Company	4%	10%	0.37	0.92	0.37	0.92
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3%	7%	0.29	0.61	0.29	0.61

CHAPTER XV

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 Director and senior management of the Company, we have carefully reviewed the 2019 Annual Report of the Company 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 its preparing and auditing procedures comply with the requirements of the CSRC and other relevant regulatory authorities.

CHAPTER XVI

Documents Available for Inspection

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

- I. The annual report signed by the chairman.
- II. The financial statements under the hand and seal of the legal representative's authorised person, the person in charge of accounting affairs and the head of the accounting department (accounting officer).
- III. The original of the audit report under the seal of Accountants Firms and under the hand and seal of Certified Public Accountants.
- IV. The original copies of the documents and announcements of the Company published in the newspaper stipulated by the CSRC during the Reporting Period.
- V. Copies of the 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.
- VI. A copy of the Articles of Association.

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