

# 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  
**2018**





# CONTENTS

Important Notice		002
Definitions		003
Glossary		008
Chapter I	Corporate Profile	010
Chapter II	Summary of Accounting Data and Financial Indicators	013
Chapter III	Chairman's Statement	019
Chapter IV	Report of the Board	028
Chapter V	Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules	059
Chapter VI	Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules	080
Chapter VII	Report of the Supervisory Committee	090
Chapter VIII	Significant Events	094
Chapter IX	Changes in Share Capital and Information on Shareholders	146
Chapter X	Information on Directors, Supervisors, Senior Management and Employees	160
Chapter XI	Corporate Governance and Corporate Governance Report	178
Chapter XII	Corporate Bonds	218
Chapter XIII	Auditor's Report	225
Chapter XIV	Financial Statements Prepared in Accordance with CASBE	234
Chapter XV	Confirmation from the Directors and Senior Management	519
Chapter XVI	Documents Available for Inspection	520

## Important Notice

The Board of Directors, 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 2018 annual report (hereinafter referred to as this "Report" or the "2018 Annual Report") has been reviewed and approved at the 3rd meeting of the 8th session of the Board in 2019 (the "Board Meeting"). All Directors have attended the Board Meeting, and one of the directors, Mr. Wang Yuhang authorized another director Mr. Liu Chong to exercise voting rights on his behalf. All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2018 Annual Report.

The proposed profit distribution plan of the Company for 2018 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 2018, a cash dividend of RMB5.5 (tax inclusive) per 10 shares will be distributed to all Shareholders; no bonus share will be 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. The proposed dividend is expected to be payable on or around 30 June 2019. The annual dividend distribution proposal for 2018 shall be submitted to the Company's general meeting for consideration and approval.

Mr. Wang Hong, person-in-charge of the Company and chairman of the Board, Mr. Mai Boliang, 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.

No substantial Shareholder of the Company utilised the funds of the Company for non-operating purposes during the Reporting Period.

The financial statements of the Company and its subsidiaries have been prepared in accordance with the CASBE. The financial statements of the Group for 2018 prepared in accordance with CASBE have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

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

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



## Definitions

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

<b>Items</b>	<b>Definitions</b>
“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.
“CFE” or “CIMC TianDa”	China Fire Safety Enterprise Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 445), and was renamed as CIMC-TianDa Holdings Company Limited on 18 May 2018.
“CIMC” or “Company”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated 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.

## Definitions

“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.
“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 whollyowned subsidiary of the Company.
“CIMC Offshore”	CIMC Offshore Holdings Limited, a company incorporated in Hong Kong in 2009, and a 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.

## Definitions

“CIMC Transportation”	CIMC Transportation Equipment (International) Holdings Limited (中集交通運輸裝備(國際)控股有限公司), a company incorporated in Hong Kong in 2007 and a wholly-owned subsidiary of the Company.
“CIMC Vehicles”	CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC in 1996 and a non-wholly-owned subsidiary of the Company, and was renamed as CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) in October 2018.
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
“CSRC”	China Securities Regulatory Commission.
“Director(s)”	the director(s) of the Company.
“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.
“Group”, “we”, “our” and “us”	the Company and its subsidiaries.
“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”	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.

## Definitions

“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 2018 to 31 December 2018.
“RMB”	Renminbi, the lawful currency of the PRC.
“Rules of Procedures of 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.
“Shenzhen Listing Rules”	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.

## Definitions

“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”	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.
“%”	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.

<b>Items</b>	<b>Definitions</b>
CNG	Compressed Natural Gas.
ERP	Enterprise Resource Planning.
EPC	Engineering Procurement Construction.
FLNG	Floating Liquefied Natural Gas Production Storage and Offloading.
FPSO	Floating Production Storage and Offloading Unit.
FSRU	Floating Storage and Regasification Unit.
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.

## Glossary

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 and liquid food equipment, offshore engineering equipment and airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services. In addition, the Group is also engaged in logistics service, industrial city development, finance and other businesses. Through business expansion and technology development, we have 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:	<a href="http://www.cimc.com">http://www.cimc.com</a>
Email Address:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>

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: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> H Shares: <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Legal Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Places at which this Report is Available:	Office of the Secretary to the Board 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 11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
The Certified Public Accountants as the Signatories:	Zhou Weiran, Cai Zhifeng



## 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 data for prior years by the Company due to change of accounting policies and correction of accounting errors

Yes     No

In 2017, the Ministry of Finance issued the newly revised “Accounting Standards for Business Enterprises No. 14-Revenue” (“**New Revenue Standards**”) as well as the newly revised “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets” and “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments” (hereinafter collectively referred to as the “**New Financial Instruments Standards**”). The Group implemented the New Financial Instruments Standards and New Revenue Standards from 1 January 2018. According to transitional provisions of the new standards, the Group needs not to restate comparable figures in the previous periods.

According to the provisions of the Notice of the Ministry of Finance on Revising and Circulating the Format of Financial Statements of General Enterprises for 2018 (《財政部關於修訂印發2018年度一般企業財務報表格式的 通知》) (Cai Kuai [2018] No. 15), 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 2018. For details of the relevant effects above, see “32. Significant changes in accounting policies” of “II. Summary of 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	For the year ended 31 December					
	2018	2017	(Changes) from the previous year to this year	2016	2015 (Restated)	2014
Revenue	93,497,622	76,299,930	22.54%	51,111,652	58,685,804	70,070,855
Operating profit	6,477,005	4,171,685	55.26%	1,202,884	3,039,854	3,297,874
Profit before income tax expense	6,683,558	4,409,241	51.58%	1,702,051	3,302,470	3,570,416
Income tax expense	2,615,103	1,250,826	109.07%	967,068	951,825	536,488
Net profit	4,068,455	3,158,415	28.81%	734,983	2,350,645	3,033,928
Including:						
Net profit attributable to Shareholders and other equity holders of the Company	3,380,436	2,509,242	34.72%	539,660	2,026,613	2,477,802
Profit or loss attributable to minority Shareholders	688,019	649,173	5.98%	195,323	324,032	556,126
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	2,258,609	1,367,068	65.22%	511,420	1,751,645	2,142,682

Unit: RMB thousand

Assets and liabilities items	As at 31 December					
	2018	2017	(Changes) from the previous year to this year	2016	2015 (Restated)	2014 (Restated)
Total current assets	81,902,959	59,001,923	38.81%	53,352,031	43,530,325	45,172,177
Total non-current assets	76,981,004	71,602,456	7.51%	71,262,717	63,526,740	42,794,387
Total assets	158,883,963	130,604,379	21.65%	124,614,748	107,057,065	87,966,564
Total current liabilities	73,536,161	51,421,759	43.01 %	46,249,215	45,922,271	43,340,077
Total non-current liabilities	32,944,814	35,945,186	(8.35%)	39,230,741	25,413,879	17,202,785
Total liabilities	106,480,975	87,366,945	21.88%	85,479,956	71,336,150	60,542,862
Equity attributable to Shareholders and other equity holders of the Company	37,324,999	32,460,927	14.98%	29,285,970	28,687,635	22,380,369
Minority interests	15,077,989	10,776,507	39.92 %	9,848,822	7,033,280	5,043,333
Total equity attributable to Shareholders	52,402,988	43,237,434	21.20%	39,134,792	35,720,915	27,423,702

## Chapter II

## Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

Cash flow items	For the year ended 31 December					
	2018	2017	(Changes) from the previous year to this year	2016	2015	2014
Net cash flows from operating activities	140,732	4,464,831	(96.85%)	2,341,619	(3,610,223)	6,434,477
Net cash flows from investing activities	(4,401,930)	(1,769,557)	(148.76%)	(6,854,655)	(12,584,781)	(11,553,782)
Net cash flows from financing activities	9,295,766	(3,537,153)	362.80%	7,511,046	16,505,663	3,940,986

Key financial indicators	(Changes) from the previous year to this year					
	2018	2017	(Changes) from the previous year to this year	2016	2015 (Restated)	2014
Basic earnings per share attributable to Shareholders of the Company (RMB/share)	1.11	0.81	37.04%	0.14	0.74	0.93
Diluted earnings per share attributable to Shareholders of the Company (RMB/share)	1.10	0.81	35.80%	0.14	0.73	0.92
Net cash flows from operating activities per share (RMB/share)	0.05	1.50	(96.67 %)	0.79	(1.21)	2.41
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB/share) (Total shares based on ordinary shares outstanding at the end of the year)	12.50	10.88	14.89%	9.83	9.63	8.34
Weighted average return on net assets (%)	10%	8%	2%	2%	8%	12%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	7%	4%	3%	1%	7%	10%

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

	2018			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	19,253,639	24,306,759	23,345,749	26,591,475
Net profit attributable to Shareholders and other equity holders of the Company	446,287	519,110	1,351,649	1,063,390
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	170,937	549,079	435,662	1,102,931
Net cash flows from operating activities	(1,074,908)	218,669	879,538	117,433

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

## 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	2018	2017	2016 (Restated)
Gains on disposal of non-current assets	1,347,841	15,635	264,552
Government grants recognised in profit or loss for the current period	386,822	472,626	497,336
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment income arising from disposal of available-for sale financial assets, 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	(442,899)	125,295	399,704
Net gains from disposal of long-term equity investments	113,061	458,808	361,353
Other profit/loss items defined as non-recurring profit/loss items	(158,226)	143,549	(1,362,915)
Other non-operating income and expenses other than the above items	259,462	335,255	139,625
Effect of income tax	(360,164)	(326,880)	(422,180)
Effect of minority interests (after tax)	(24,070)	(82,114)	150,765
<b>Total</b>	<b>1,121,827</b>	<b>1,142,174</b>	<b>28,240</b>

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	183,303	2,800	–	–	193,676
2. Derivative financial assets and other non-current financial assets	328,751	28,322	–	–	380,969
3. Hedging instruments	1,360	–	2,720	–	167
4. Available-for-sale financial assets	440,656	–	–	–	–
5. Investments in other equity instruments	–	–	280,741	–	984,155
6. Other current assets	–	–	–	–	179,412
7. Other debt investments	–	–	1,599	–	30,581
Sub-total of financial assets	954,070	31,122	285,060	–	1,768,960
Investment properties	1,679,189	55,223	–	–	1,966,277
Total	2,633,259	86,345	285,060	–	3,735,237
Financial liabilities	(40,832)	(325,965)	–	–	(376,599)
Total	2,592,427	(239,620)	285,060	–	3,358,638

**VI. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS**

- Differences in net profits and net assets prepared under International Accounting Standards and CASBE
  - Applicable     Not Applicable
- Differences in net profits and net assets prepared under foreign accounting standards and CASBE
  - Applicable     Not Applicable
- Reason for differences in accounting data under domestic and foreign accounting standards
  - Applicable     Not Applicable

## Chapter III Chairman's Statement

Dear Shareholders,

The year 2018 is the 40th anniversary of China's reform and opening up, and also a year to move forward and achieve leapfrog development for CIMC. Despite the severe economic situations at home and abroad, all major business segments of the Group strived to capture the opportunities brought by market changes by means of vigorously advancing strategic upgrade and business transformation, adjustment to the production capacity allocation, innovation in technologies and business models and management of operational compliance risk, so as to achieve a quality growth.



### RESULTS AND PERFORMANCES

In 2018, the Group's revenue amounted to RMB93.498 billion (2017: RMB76.300 billion), representing a year-on-year increase of 22.54%; the net profit attributable to Shareholders and other equity holders of the Company amounted to RMB3.380 billion (2017: RMB2.509 billion), representing a year-on-year increase of 34.72%; and the basic earnings per share amounted to RMB1.11 (2017: RMB0.81), representing a year-on-year increase of 37.04%.

Based on the Group's 2018 operating results and taking into full account the Group's overall financial position, the Board recommended a final dividend of RMB5.5 per 10 shares (including applicable taxes) for the year of 2018, no bonus shares will be 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. The proposed dividend is expected to be payable on or around 30 June 2019.

## Chapter III

### Chairman's Statement

#### Container Manufacturing Business:

In 2018, benefiting from the effect of the container sales cycle, container transportation volume increased steadily, customers maintained strong procurement demand for new containers, and the orders reached a historical record. However, due to various factors such as increase in material prices and decrease in container prices caused by intensified competition, the overall profit margin was significantly reduced year-on-year. Nevertheless, benefited from the substantial investment in technological research and development., the intelligent manufacturing and upgrading project for the container segment named after the "Longteng Plan" has achieved initial success. Through intelligence technology, information technology and upgrade and modification of manufacturing process, we will lay a solid foundation for the next leap-forward development of the container industry. In 2018, the independent heat storage and temperature control containers with the characteristics of zero energy consumption and zero pollution began to be used in large scale in Sino-European freight trains, making it the world's first "black technology", and has promoted the normalization of winter transportation of Sino-European freight trains.

#### Road Transportation Vehicle Business:

In 2018, the road transportation vehicle business of the Group continued to carry out the upgrading projects of its intelligent manufacturing in the "demonstrative plants" which was oriented by intelligent manufacturing, and further strengthened its global operation. Benefit from the digitization of factory production processes and the continuous development and improvement of new products and product features, the road transportation vehicle business continued to achieve overall growth. Meanwhile, in order to further expand its business scale, develop its operation and enhance its industrial capability, the road transportation vehicle business of the Group formally submitted the listing application on the Main Board of the Hong Kong Stock Exchange on 27 December 2018. On 14 March 2019, CIMC Vehicles received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2019] No. 356) from the CSRC, approving the issuance of overseas listed foreign invested shares by CIMC Vehicles, thus making continuous efforts to become the fourth independent listed company following CIMC, CIMC Enric and CIMC TianDa.

#### Energy, Chemical and Liquid Food Equipment Business:

In 2018, CIMC Enric proactively explored guaranteed supply of natural gas. It realized China's first south gas to north and river-ocean transport with LNG tank containers through cooperation with CNOOC Gas and Power Group Co., Ltd. ("CNOOC") and China LGN Group ("China LGN"). The intelligent equipment provides whole-process real-time monitoring services to ensure safety of the first flight. Nantong CIMC Pacific Ocean Engineering Co., Ltd. (南通中集太平洋海洋工程有限公司) has been reorganized smoothly, contributing sales income in 2018, and has recently won the world's largest LNG refueling vessel order with promising prospect. The "CIMC Tank Container" product of the chemical segment has maintained its number one market position around the world for 15 consecutive years. While further expanding the beer business, the liquid food segment has also successfully developed the equipment market in the industries of craft beer, spirits, juice and pharmaceuticals, achieving diversified sales growth.

#### Offshore Engineering Business:

In 2018, despite the improvement in the global offshore engineering equipment market, the Group's offshore engineering business was still in a relatively low stage. However, CIMC Raffles firmly seized the major opportunities of new and old driving factors, achieved breakthroughs in production equipment, and took the leading position in marine fishery and breeding equipment. Its marine amusement business continued to exert its strength, and established a multi-point layout and diversified development path in addition to the traditional oil and gas business. At the summit of the Shanghai Cooperation Organisation (SCO) in Qingdao, the "sea kitchen platform" of the Group was unveiled with a stunning debut. The "Blue Whale No. 1" built by CIMC Raffles won the "5th China Industrial Award", which is the highest award in the industrial field of China approved by the State Council, representing the highest level of industrial development in China. On 13 June 2018, Chinese President Xi Jinping visited the Yantai base of CIMC Raffles Offshore Limited and learned about CIMC Offshore Engineering's pursuit of independent innovation development as well as the progress of establishing capabilities in independent design, R&D and manufacture of high-end offshore engineering equipment, and held high expectations for CIMC Offshore Engineering.

## Chapter III Chairman's Statement

### Airport Facilities Equipment Business:

In 2018, the airport facilities equipment business of the Group has undergone a reorganization, in which the Group realized the holding to CFE and the company was renamed as CIMC-TianDa Holdings Company Limited, and the Group obtained an independent capital operation platform through listing in Hong Kong. During the Reporting Period, the Group's airport facilities equipment business has made significant progress in airport facilities equipment business, fire and rescue vehicle business, automated logistics systems business and smart parking business. In 2018, 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 three consecutive years.

### Heavy Truck Business:

In 2018, in respect of domestic markets, C&C Trucks stuck to the strategy for the development of natural gas-powered heavy trucks, and realized the delivery of the first batch of LNG clean energy muck trucks in Shenzhen, and launched light-weight mixer trucks with obvious advantages in Guangdong, the market share in many places of China continued to rise. In respect of international markets, C&C Trucks continued the business model for the both full truckload delivery and spare parts delivery, strived to expand its market share in Southeast Asia, Central Asia, Africa and Europe.

### Logistics Service Business:

In 2018, the logistics service business of the Group adhered to the development idea of "equipment plus service", promoted strategic focus and improved network layout by closely focusing on four core business lines, namely container service, marine transport and project logistics, rail-water intermodal transport and equipment logistics. We improved domestic and international network layout based on and along the regions under the "Belt and Road" initiative, and launched cross-border e-commerce logistics business and received favorable comments from the industry. The logistics segment of CIMC continued to innovate its business with the "one tank to end" container logistics model of land and sea intermodal transport, this model completely solved the bottleneck of small-batch

LNG transportation and opened up a broad market space for overseas tanked LNG imports.

### Industrial City Development Business:

In 2018, the Group's industrial city development business made great breakthroughs in land reserve and project advancement, projects such as Prince Bay Project and Guangming Project in Shenzhen, Meilan Lake Project in Shanghai and Guangming Low Orbit Satellite lot Industrial Park Project in Shenzhen have achieved ground-breaking. The business has made breakthroughs in first-tier cities and is moving toward the goal of "industrial park operation expert".

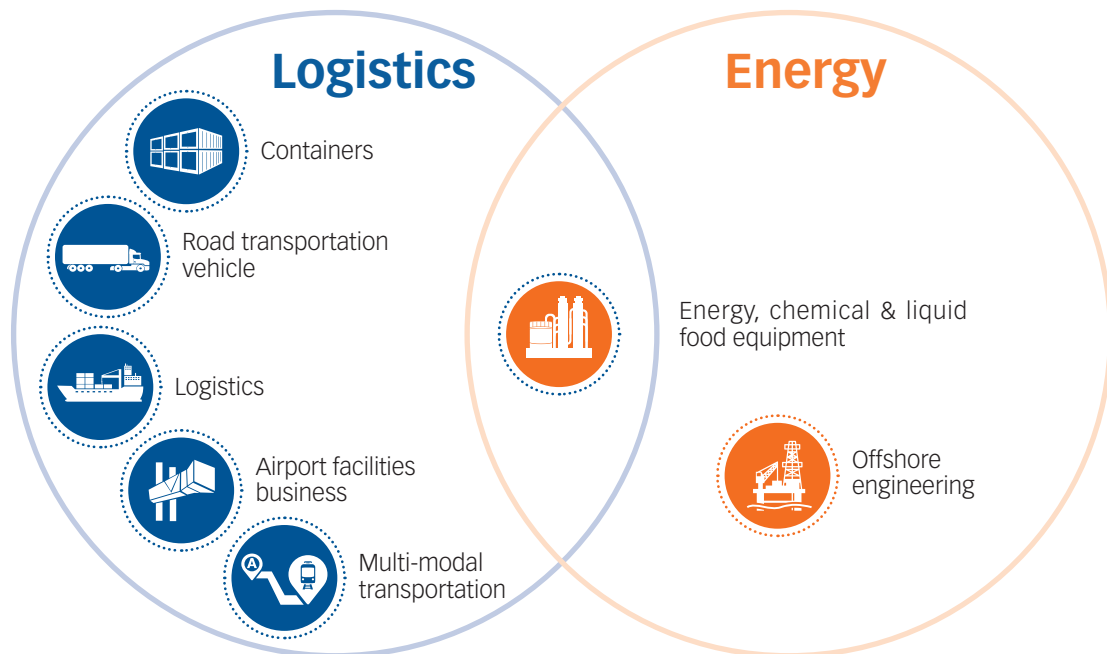
### Financial Business:

In 2018, the financial business of the Group has been 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 strategy extension, business model innovation, industrial structure optimisation and overall competitiveness enhancement. The Financial Leasing Company seized the market opportunity and deepened "the integration of industry and finance", its vehicle leasing business achieved substantial growth. The innovative lease of fire trucks has made breakthroughs, and the close cooperation of industry and finance promoted the implementation of fire truck rental project in Guangdong Province. Meanwhile, the buyer's credit business and other industrial chain financial services of the Finance Company has achieved rapid development, and provided strong support for the Group's business.

### Other Businesses:

In 2018, the Group's modular building business made breakthrough progress in both domestic and international markets during the Reporting Period by focusing on "manufacturing + financing + service", including: the Citizen Service Center project in Xiong'an New Area, the first modular cloud data center of the world, became the first to receive a technical access approval from the Hong Kong Buildings Department on the construction method of assembled composite buildings in Hong Kong; completed the amendments to the "Box Steel Structure Integration

## Chapter III Chairman's Statement



Building Technology Procedures (箱式鋼結構集成建築技術規程)” with the China Association for Engineering Construction Standardisation, and further expanded into new markets in various countries and regions including Africa, Northern Europe and Iceland besides stabilizing our mature markets in the UK and Australia.

In 2018, multimodal transport, one of the Group's innovative businesses, has launched container trains for over 20 different rail lines in total, had container trains delivery operations in seven of the 18 railway bureaus in China, and had container trains arrival operations in ten of those railway bureaus, and more than 1,000 specialized tank containers have been put into road-rail transport. In respect of the marine transport business, the controllable vessel shipping capacities exceeded 50 ships, and the Group began to carry out the coil steel road-rail transport.

### Major management and development initiatives

While many business lines continued to make breakthroughs, the Group's development strategy was clearer and the management has reached a new level. In 2018, our main management and development initiatives are:

#### 1. Create champion products

In 2018, for the first time, the Group clearly established its engineering strategy for creating champion products and evaluated 20 world champion products of CIMC, which are of great significance to the Group. In 2018, the MIIT announced the third batch of manufacturing single champion, where CIMC Tank won the title of "Single Champion Model Enterprise" by virtue of its standard tank container products, and CIMC TianDa's boarding bridge won the title of "Single Champion Product". Prior to this, CIMC Raffles won the title of "Single Champion Model Enterprise" by virtue of its semi-submersible drilling platform.



Chapter III  
**Chairman's Statement**

## **2. Continuously promote lean management and improve operating efficiency**

In respect of management model, the Group has made adjustments to the level-based 5S Management System and strengthened the evaluation and appraisal of the mechanisms and processes such as strategic planning, management reporting, operating results, and internal control audit, thus ensuring the effective progress of the Group's overall strategy. In respect of management of refined manufacturing capabilities, the Group's refined ONE Model of "continuous improvement, relentless determination" continued to extend to both ends of the value chain from the manufacturing site, with a focus on the improvement on comprehensive criteria, i.e., delivery cycle, inventory and efficiency.

## **3. Commence digitization and intelligence and create new value**

In 2018, the Group accelerated the transformation and upgrade of intelligent manufacturing and regarded "informatization construction with integration of informatization and intelligentization" as one of its strategies. It actively explored the integration of informatization and intelligentization through new technologies, such as the Internet of Things, big data and artificial intelligence, to build an industrial internet platform featuring the CIMC Group. Based on the platform, the Group aims to build a variety of industrial application software suitable for CIMC, increase equipment management, reduce unplanned equipment shutdown and energy consumption. It also improves key processes, improve safety levels, optimize production planning and execution in plants, as well as the management of materials and semi-finished products in the production, maintaining product quality through the entire production process. So that, the overall production efficiency was improved, production costs was reduced and the order delivery time was shortened. At the same time, the Group's "New Silk Road" ERP project has made significant progress in stages.

## **4. Promote innovation and transformation of all employees**

In 2018, in addition to the business innovations mentioned in the performance of the above segments, the Group launched the 100-person startup plan, with three key elements of "selecting right people, good projects and good mechanisms" as the core concept, and completed preliminary exploration of new business incubation models and entrepreneurial talent training mechanisms empowered by investment. Through this action, the entrepreneurial culture has been promoted internally, stimulating the entrepreneurial enthusiasm of more employees, and externally, it has demonstrated the corporate image of CIMC's open development. The Group strives to build an innovation and entrepreneurial ecosystem of CIMC by inoculating external resource platforms.

## **CORPORATE SOCIAL RESPONSIBILITY**

With the diversification and globalization of the Group's business, the environmental and social risks faced by each business segment are also becoming more complicated, which puts higher requirements on the ESG management mechanism and capabilities of the enterprise. Following the vision and strategy of corporate social responsibility, and upholding the sustainable development featuring safety, environmental protection and green concepts, the Group has taken sustained and effective measures and actions, and assumed more social responsibilities. In 2018, the overall HSE management work of the Group began to gradually enter a stable and orderly state, and key indicators were at the best level in recent years. Also, the Group tightened the HSE regulatory management, published its social responsibility & environmental, social and governance reports for many years, striving to become an eco-enterprise capable of coordinating all stakeholders for a balanced development. In terms of green manufacturing, the Group drastically reduced the three wastes, reduced occupational disease positions, and built environmentally friendly factories in its green manufacturing projects in 2018. We have achieved improvements and progress in science development, new industrialisation, fair operations, environmental conservation, production safety, rights and interests of customers and consumers, win-win cooperation, employee relations and community involvement and development.

## Chapter III Chairman's Statement

### FUTURE PROSPECTS

Looking ahead to 2019, the global economic growth is expected to slow down. Affected by factors such as the increased Sino-US tariff barriers, the risk of trade protectionism and the tendency towards anti-globalization, the global macro financial environment gradually tightened, posing various uncertainties and risks to the growth of the world economy and the recovery of international trade.

In 2019, it is expected that the demand for containers will be slightly decreased than the historical high level of 2018, however, we will actively explore and develop business opportunities in mature container-related business, including cold chain equipment and logistics equipment, aiming to seize new business opportunities. As regards the container manufacturing business, the Group seized the opportunity to expand its market share with preliminary achievements. The introduction of new regulations, including "Limits of Dimensions, Axle Load and Mass of Automotives, Trailers and Auto Trains (《汽車、掛車及汽車列車外廓尺寸、軸荷及質量限值》)" (GB1589 -2016), as well as the "Administrative Provisions on Highway Driving of Over-Limit Transport Vehicles (《超限運輸車輛行駛公路管理規定》)" and the "Program for Governance over Cars and Transport Vehicles (《車輛運輸車治理工作方案》)", has brought foreseeable opportunities for the Group's road transportation vehicle business. The "Thirteenth Five Year Plan" on Energy Development (《能源發展"十三五"規劃》) issued by the National Energy Administration sets out the target of natural gas consumption accounting for 10% of primary energy consumption in 2020 (2015: 5.9%). The Natural Gas Development Report of China (2016) (《中國天然氣發展報告(2016年)》) jointly issued by the Oil and Gas Department of the National Energy Administration and other ministries and departments, also raises a series of policies for promoting the use of natural gas. The energy, chemical and liquid food equipment business of the Group is positioned for more favourable policy environment, and its long-term development prospect is still promising. In 2019, it is expected that the global energy structure

will not undergo any fundamental change and fossil fuel will remain as the main energy source with natural gas having the greatest growth potential. Growth in demand for offshore engineering equipment fluctuates cyclically, and as offshore oil and gas investments accelerate, it is expected that niche markets of offshore engineering equipment (such as FLNG, the environmentally friendly mega deep-water floating production storage unit (FPSO) and FSRU) will be driven by new growth momentums in the future. As the logistics business of the Group benefits from the enforcement of our country's numerous policies such as "Belt and Road" in 2019, greater market demand and room for development are envisioned. With the investment in future domestic airport construction on the rise and opportunity for entering the overseas market around the corner, the domestic and overseas markets of the Group's airport equipment business promise great opportunities for development. The Group anticipates major breakthroughs as to the global market share and will keep on improving its product lines under the airport business segment in 2019, seeing better performance especially following the acquisition of automated sorting technology and multi-storey parking garage technology.

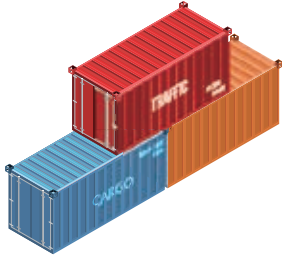
In 2019, facing the more complex global economic and financial situation, the Group will adhere to its strategy of "manufacturing + service + financing", continue to determinedly promote the transformation and upgrade of its business, and actively promote intelligent manufacturing and develop smart logistics business by focusing on logistics and energy; stay customer-oriented, and extend its reach from manufacturing to service, aiming to provide comprehensive solutions with life-cycle products. The Group will continue to increase its capability of global operation, optimise its business and assets, speed up the industrial integration and foster the industrial chain. In respect of technology upgrade, business model and management mechanism, it will keep innovating with risks controlled. It will strive to capture market changes and conduct its deployment in emerging and innovative industries while continuing to develop its existing businesses.

Chapter III  
**Chairman's Statement**

Nowadays, CIMC has become a multinational industry group with various business segments, with operations covering more than 100 countries and regions around the world. It is not difficult to find CIMC products on any land, island or even deep sea in the world. It may be a ubiquitous container or a logistics vehicles driving on the road; it may be a boarding bridge at airports, or it may also be a LNG refueling station deep in the desert. It may be a modular four-star hotel in cities, or it may be an offshore engineering platform that stands high in the deep sea. The achievements made by CIMC were attributable to the support and help from all sectors of society and various stakeholders, as well as the hard work and due diligence of Board members, management team members and CIMC Group colleagues. With this opportunity, on behalf of the Board of the Company, I would like to extend my sincerest appreciation to all of you.

One can go far only with persistence, and one can enjoy new achievements only with thinking (唯恒者能行遠·唯思者能常新). Facing the new era, new tasks and new challenges, we look forward to continuing to work closely with you, seize opportunities, forge ahead, and adhere to the made-in-China idea. We will maintain a stronger sense of crisis, and gather the strength of all employees to create "champion products", achieving continuous "quality growth" so as to bring more value to Shareholders.

**Wang Hong**  
*Chairman*  
Shenzhen, the PRC  
March 2019



---

# CONTAINER MANUFACTURING BUSINESS







## Chapter IV

# Report of the Board

### I. BUSINESS SUMMARY

The Group is a leading global provider of equipments and solutions in logistics and energy industry, and principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities, as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges, air cargo handling system, ground special vehicles, automatic parking system. In addition, the Group is also engaged in logistics service, industrial city development, finance and other businesses. Through business development and technology development, the Group has formed an industrial cluster focused on key equipments and solutions for logistics and energy industries.

Currently, the Group ranks No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers; the Group is China's largest manufacturer of road transportation vehicles, and its market share in the semi-trailer industry is the No. 1 in the world; 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 three consecutive years; and the Group is also one of the leading high-end offshore engineering equipment enterprises in China.

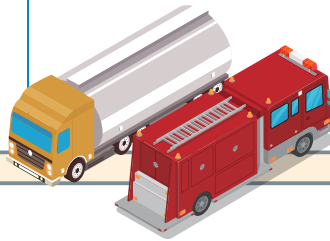
During the Reporting Period, there was no material change in the principal business model of the Group. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing, road transportation vehicles and energy, chemical and liquid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

# MAIN BUSINESS SEGMENTS

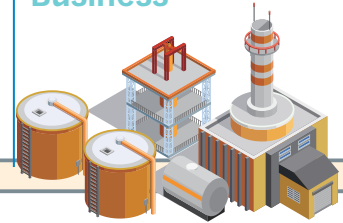
**Containers  
Manufacturing  
Business**



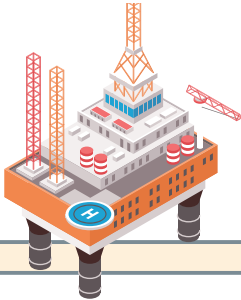
**Road  
Transportation  
Vehicle  
Business**



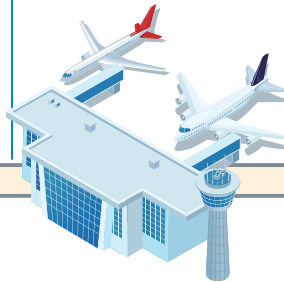
**Energy,  
Chemical  
& Liquid Food  
Equipment  
Business**



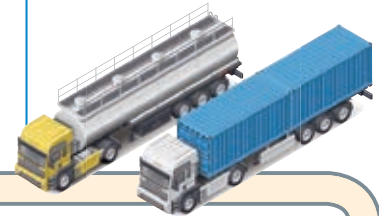
**Offshore  
Engineering  
Business**



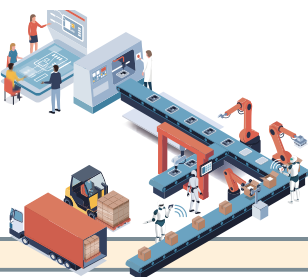
**Airport  
Facilities  
Equipment  
Business**



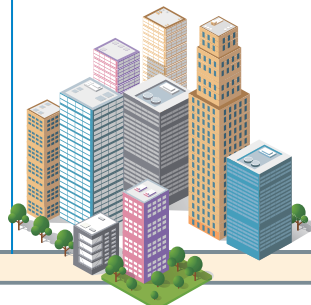
**Heavy  
Truck  
Business**



**Logistics  
Service  
Business**



**Industrial City  
Development  
Business**



**Financial  
Business**



## Chapter IV Report of the Board

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

#### 1. Overview

In 2018, Sino-US trade frictions occurred, and global economic and trade activities faced many uncertainties, leading to important and far-reaching changes in the domestic and international environment. Meanwhile, the global economy has maintained steady growth, in particular, the fundamentals of the US economy were still strong. The global container trade and the growth rate of China's foreign trade and export have not been significantly affected, and the overall economic performance of China continued to show a steady and positive trend.

Benefiting from the recovery in the global and domestic economy, during the Reporting Period, the Group's revenue amounted to RMB93.498 billion (2017: RMB76.300 billion), representing a year-on-year increase of 22.54%; the net profit attributable to shareholders and other equity holders of the Company amounted to RMB3.380 billion (2017: RMB2.509 billion), representing a year-on-year increase of 34.72%; and the basic earnings per share amounted to RMB1.11 (2017: RMB0.81), representing a year-on-year increase of 37.04%. Among the principal businesses of the Group, the container manufacturing business, road transportation vehicle business and the energy, chemical & liquid food equipment business, airport facilities equipment business and industrial city development business achieved increase in revenue; the logistics services business remained relatively stable in revenue; and the revenue of the offshore engineering business, heavy truck business and financial business saw a slight decline.



Chapter IV  
Report of the Board

## Consolidated Operating Results

Unit: RMB thousand

	2018	2017	Percentage change
Revenue	93,497,622	76,299,930	22.54%
Operating profit	6,477,005	4,171,685	55.26%
Net profit attributable to shareholders and other equity holders of the Company	3,380,436	2,509,242	34.72%
Net cash flows from operating activities	140,732	4,464,831	(96.85%)
Net increase/(decrease) in cash and cash equivalents	5,089,896	(895,810)	668.19%

## 2. Review of Operations of Major Business Segments

### Container Manufacturing Business

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 2018, global trade maintained steady growth despite some headwinds, container shipping volume increased steadily, customers maintained strong procurement demand for new containers. During the Reporting Period, the overall sales volume and revenue of containers of the Group achieved notable year-on-year growth. While maintaining favourable growth in demand, the Group also seized market opportunities and significantly increased market share, especially in the reefer container business.

In 2018, due to demand recovery in container business, the accumulated sales volume of ordinary dry containers of the Group reached 1,543,900 TEUs (2017: 1,308,900 TEUs), representing a year-on-year increase of 17.95%; the accumulated sales volume of reefer containers reached 168,200 TEUs (2017: 109,100 TEUs), representing a year-on-year increase of 54.17%. The container manufacturing business of the Group recorded a revenue of RMB31.536 billion (2017: RMB25.047 billion), representing a year-on-year increase of 25.91%; and the net profit was RMB1.891 billion (2017: RMB1.463 billion), representing a year-on-year increase of 29.22%; among which, ordinary dry containers contributed a sales revenue of RMB21.606 billion (2017: RMB17.719 billion), representing a year-on-year increase of 21.93%; reefer containers contributed a sales revenue of RMB5.024 billion (2017: RMB3.274 billion), representing a year-on-year increase of 53.44%; special-purpose containers contributed a sales revenue of RMB5.194 billion (2017: RMB4.808 billion), representing a year-on-year increase of 8.03%.

## Chapter IV

### Report of the Board

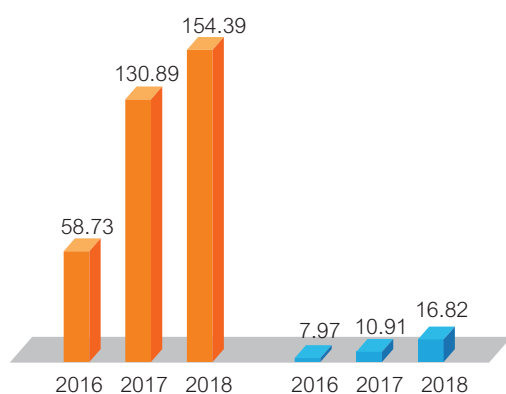
In 2018, the demand recovery in the container manufacturing business of the Group continued, with orders increased significantly than that in the previous year, reaching a historical record. However, affected by the increase in material prices and decrease in container prices due to intensified competition in the industry as well as other factors, the overall level of profit margin declined notably compared to that of the same period of the previous year. In general, container business of the Group continued its stable development trend in 2018 and market share and results of operations remained stable, which is in line with our expectation. Meanwhile, in terms of technical research and development, the Group increased injection of various resources and planned to committed itself to improve the intelligent manufacturing level of container and drive the intellectualisation, informatisation, digitalisation and green development of production and operation in the next 3 to 5 years. The enterprise resource planning (ERP) project and the electronic procurement platform project have started pilot implementation, and various works of intelligent manufacturing upgrade are currently progressing in an orderly manner. In terms of major project investments, construction works of the new container factory project in Fenggang, Dongguan, are progressing as planned, and has entered the trial production stage in the fourth quarter of 2018. It is estimated that the main production line of Phase I of the project will be officially put into operation in the beginning of 2019. The intelligent manufacturing upgrade project for the container segment named "Longteng Plan" has achieved initial success. Through intellectualisation, informatisation and upgrade and modification of manufacturing process, we will lay a solid foundation for the next leap-forward development of the container industry. In 2018, the independent heat storage and temperature controlled containers with the characteristics of zero energy consumption and zero pollution began to be used in large scale in Sino-European freight trains, making it the world's first "black technology", and has promoted the normalization of winter transportation of Sino-European freight trains. In terms of significant assets disposals, the original reefer container factory in Qingdao has completed assets disposals and has surrendered the project site according to the local government's land reservation and relocation requirement and obtained a share of the land appreciation gains.

Chapter IV  
Report of the Board

## Annual sales volume and sales revenue of containers business from 2016 to 2018

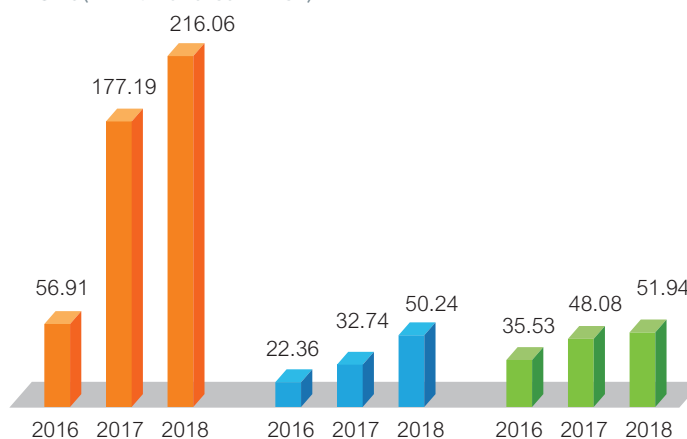
## Sales volume

Unit (ten thousand TEUs)



## Revenue

Unit (RMB a hundred million)



■ Dry containers   
 ■ Reefer containers   
 ■ Special containers

## Road Transportation Vehicle Business

CIMC Vehicles, a subsidiary of the Group, is the leader of the global semi-trailer industry, principally engaging in the manufacture and sales of semi-trailers and truck bodies for specialty vehicles. As at 31 December 2018, CIMC Vehicles has marketed and sold a variety of semi-trailers and truck body products in China, North America, Europe and other regions (covering over 40 other countries), and has established 31 manufacturing and assembly plants in China, the United States, the United Kingdom, Belgium, Poland, Australia, Thailand, South Africa and other regions. The semi-trailer products mainly include chassis and flatbed trailers, fence trailers, tank trailers, refrigerated trailers, van trailers and center axle trailers, and truck body products include dump beds for dump trucks, mixers for mixer trucks and truck body products for various of other specialty vehicles. "CIMC", "Vanguard", "SDC" and "LAG" of CIMC Vehicles are among the most well-known brand names in the global semi-trailer industry.

In the past few years, the global economy has maintained a growth momentum, and the semitrailer industry and its downstream markets have shown an expansion trend. This was mainly due to the increase in freight volume driven by the surge in e-commerce sales, increased demand for road transport, infrastructure and increased demand from other industries. Due to the ever-changing customer needs and technological and political environment, the practical functions of semi-trailers has continued to upgrade, especially in China and other developing countries. It is expected that the demand for semi-trailers will continue to increase in developing countries in 2019, resulting in an increase in global semi-trailer sales.

## Chapter IV Report of the Board

In 2018, the Group's road transportation vehicle business continued to achieve full growth, with a cumulative sales volume of 192,000 units (sets) for the year (2017: 163,000 units (sets)), representing a year-on-year increase of 17.79%; recorded a sales revenue of RMB24.400 billion (2017: RMB19.521 billion), representing a year-on-year increase of 24.99%; achieved a net profit of RMB1.273 billion (2017: RMB1.018 billion), representing a year-on-year increase of 25.04%. The increase in revenue and net profit was mainly due to the continued growth in vehicle sales in China and the United States.

During the Reporting Period, CIMC Vehicles further promoted the digitization of its production processes and continued to develop new products and improve product characteristics by strengthening global operations; established agile organizations for digital manufacturing and operations and continued to capture new business opportunities with growth potential; and introduced product life-cycle management systems (PLM) and manufacturing execution systems (MES), in order to implement intelligent manufacturing planning and management and to consolidate its leading position in the global semi-trailer market.

In terms of the domestic market: in 2018, CIMC Vehicles seized the development opportunities brought by new regulatory policies ("Limits of Dimensions, Axle Load and Mass of Automotives, Trailers and Auto Trains (《汽車、掛車及汽車列車外廓尺寸、軸荷及質量限值》)" (GB1589-2016), "Administrative Provisions on Highway Driving of Over-Limit Transport Vehicles (《超限運輸車輛行駛公路管理規定》)" and "Program for Governance over Cars and Transport Vehicles (《車輛運輸車治理工作方案》)") and changing customer needs, and achieved an increase in sales volume of dump beds and mixers on the basis of the increased demand for specialty vehicles for construction resulted from the continuous growth of domestic vehicle sales and the positive development of infrastructure construction in China. In terms of the overseas markets: vehicle sales in North American market continued to grow, mainly due to the increase in demand for chassis trailers in the US market and the depreciation of the RMB to the US dollar; as for the European market, we have developed swap body products to cater the development of European e-commerce logistics, and have strived to effectively penetrate the local market and to seize sales opportunities; as for emerging markets, we have established overseas subsidiaries in Thailand, Australia, Malaysia, South Africa, etc., and have adhered to the strategy of deepening the mainstream markets in the fragmented global market.

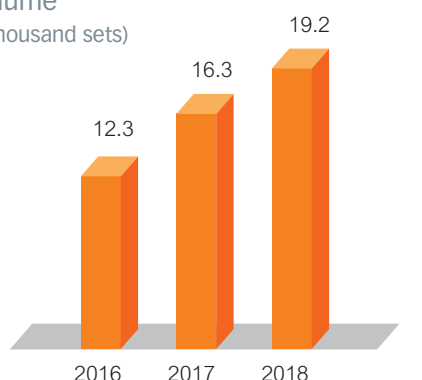
In order to further expand its business scale, develop its operations, and enhance its industrial capabilities, on 27 December 2018, CIMC Vehicles has formally submitted its listing application to the Hong Kong Stock Exchange to apply for the listing of, and permission to deal in the H shares of CIMC Vehicles on the Main Board of the Hong Kong Stock Exchange. On 14 March 2019, CIMC Vehicles received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2019] No. 356) from the CSRC, approving the new issuance of no more than 383,801,955 overseas listed foreign invested shares by CIMC Vehicles at par value of RMB1 per share (all being ordinary shares). The Company will fulfill its information disclosure obligations in a timely manner on the follow-up progress of the proposed spin-off and listing in accordance with the requirements of relevant laws and regulations.

Chapter IV  
Report of the Board

## Annual sales volume and sales revenue of road transportation vehicle business from 2016 to 2018

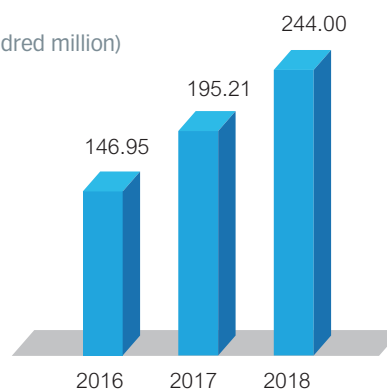
## Sales volume

Unit (ten thousand sets)



## Revenue

Unit (RMB a hundred million)



## 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 and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South Americas; and from its production base in Europe, its liquid food equipment products and services are offered worldwide. 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 its production bases located in China and Europe. The main operating entity is CIMC Enric.

Since 2018, the global economy has continued to grow moderately with the momentum slowed down. Crude oil prices were volatile, trade frictions heated up and protectionism and unilateralism were on the rise, all of which have added to the uncertainty about the global growth in 2019. Under such background, driven by factors including environmental protection, urban gases and the change of coal to gas in industrial sectors, increase in prices of alternative energy and the commencement of operations of new gas power plants, the PRC government has introduced a series of favorable policies to promote the use of clean energy in recent years. The government has also vigorously promoted the construction of infrastructures, such as natural gas pipelines, underground gas storage and liquefied natural gas (LNG) terminals. The import volume of natural gas continued to grow rapidly, indicating the start of golden time for the natural gas industry in China. Meanwhile, the more economic, more environmentally friendly, more intelligent and safer green logistics model will be the general trend of the global chemical logistics industry, and will drive the steady growth of the tank container industry. The liquid food industry has also experienced rapid growth in recent years, benefiting from factors such as stable population growth, increasing prosperity of the global society, improving living standards of the people and the rising awareness for food safety and health.

In 2018, benefited from the growing market demand, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB14.163 billion (2017: RMB11.846 billion), representing a year-on-year increase of 19.56%. The net profit was RMB792 million (2017: RMB474 million), representing a year-on-year increase of 67.21%. The revenue from the clean energy business, one of the three main business segments of CIMC Enric under the Group, was RMB6.027 billion (2017: RMB4.959 billion), representing a year-on-year increase of 21.55%; the revenue from the chemical environment business was RMB3.768 billion (2017: RMB3.026 billion), representing a year-on-year increase of 24.51%; and the revenue from the liquid food business was RMB3.198 billion (2017: RMB2.686 billion), representing a year-on-year increase of 19.06%.

## Chapter IV Report of the Board

**Clean energy segment:** the clean energy segment has sales offices in China, Southeast Asia, Russian-speaking areas and North America, and has subsidiaries for the related business in the United States and Singapore. As the only key equipment manufacturer and engineering service provider of natural gas with full industrial chain coverage in China, the Group is capable of providing one-stop systematic solutions. CIMC Enric's clean energy segment has the most comprehensive product portfolios and the most systematic solutions, enjoying certain market position in various niche product fields. In particular, the production and sales volumes of LNG, LPG, CNG storage and transportation products were leading nationwide. In 2018, with the participation of CIMC Enric for construction, the storage tank project at Guanghui Energy Qidong Terminal was completed and put into production, and the storage tank project, the phase I of ENN Zhoushan LNG Terminal was completed and put into production, the phase II of which was newly signed and under construction at the end of the year. The above secured the key channel of importing international natural gas by the upstream. At the same time, CIMC Enric proactively explored the guaranteed supply of natural gas. It realized China's first south gas to north and river-ocean transport with LNG tank containers through cooperation with CNOOC and China LNG Group. The LNG tank containers are appropriate for storage or transport, available for multimodal transport by means of land, waterway, railway and ocean, which is the fourth new mode for transporting natural gas, in addition to land pipeline transport, tank truck transport and offshore LNG shipping.

**Chemical environment segment:** the chemical equipment segment has sales companies in Europe and sales offices in South Korea etc. Its products are sold to many countries and regions in the world, ranking the first in the market globe-wide for 15 consecutive years. In 2018, this segment successfully developed 45 feet super-volume SWAPBODY tank containers, anti-corrosion lining tank containers and large-volume railway tank containers that meet customer requirements in Europe, which enhanced the transportation capacity and efficiency, and its tank container technology continued to maintain its industry-leading position. At the same time, the Group actively explored the use of new environment-friendly materials in the manufacturing of tank containers, and improved the effective load of tank containers by reducing their weight. In response to the specific demands for chemical products that are temperature-sensitive or anti-corrosion etc., the Group worked with domestic and foreign enterprises to explore new technologies for tank container lining treatment, researched and developed new types of tank containers with special lining such as coating, rubber lining and PTFE lining. It further expanded the portfolio of special-purpose tank products independently developed and produced, and succeeded in developing special-purpose tank containers for highly dangerous products, such as special refrigerants gas tank containers and railway-use tank containers for sulfuric acid, to transport more varieties of chemicals to satisfy various needs of customers. In 2018, the global chemical industry was active with increased production volume of chemicals and its increased flows, plus more investment by tank container lessors and logistics operators globally, which directly increased the sales volume of tank containers. The tank container business of this segment performed well against intense market competition, the production of main products reaching record high and sales achieving excellent results.

**Liquid food segment:** the liquid food segment has subsidiaries in China, Netherlands, Germany, Belgium, Denmark and the United Kingdom and representative offices in the United States, Columbia and Vietnam, etc. In 2018, the liquid food equipment segment was dedicated to improving the product portfolio of key beer equipment, providing total solution of food equipment for domestic and overseas markets, such as development projects for deoxidized water preparation system and liquor blending system, and continued to improve and promote craft beer system and equipment (craft beer). The revenue from sales orders of both domestic and international businesses as well as non-beer business in 2018 has increased. While developing the craft beer business in Asia, the Group has also explored new businesses and new customers in other markets, including rice wine and pharmaceutical markets. Meantime, the liquid food segment, for the first time and based on the novel brewhouse concept OMNIUM by ZIEMANN<sup>®</sup>, introduced equipment for commercial breweries. NESSIE has revolutionized the traditional filtration techniques with the use of repeated separation and sugar extraction. A brewhouse using OMNIUM will fractionize brewing process with each treated independently, with convergence of local fluids. By optimizing the final process, it can shorten the process time significantly and improve the yield of raw materials. This technique can improve quality parameters of the malt wort, accelerate the fermentation process and boost the wine-making capacity of the brewhouse.

Chapter IV  
Report of the Board

Sales revenue of businesses of CIMC Enric from 2016 to 2018

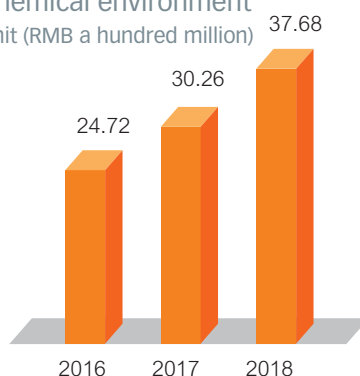
Clean energy

Unit (RMB a hundred million)



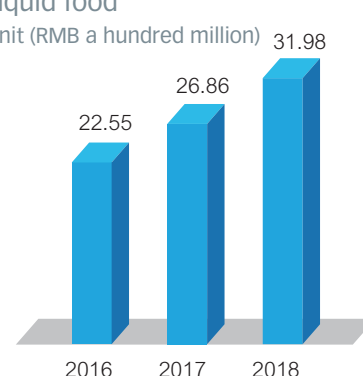
Chemical environment

Unit (RMB a hundred million)



Liquid food

Unit (RMB a hundred million)



### Offshore Engineering Business

Established under CIMC Raffles, a subsidiary of the Group, are 4 research and development and design companies, 3 construction bases and 6 operation and management companies, whose integrated operation model comprises 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. They are also among the leading contractors of high-end offshore engineering equipment in China and have always participated in international competitions within the offshore engineering market. Their major businesses 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.

Oil price in the international market fluctuated in 2018, which climbed steadily up in the first half year and rose briefly before receding in the second half year. The average price was however still significantly higher than the year before and exceeded market expectation. As regards offshore engineering market, exploration and production of oil and gas as well as development and investment have seen steady growth, traditional oil and gas industry is slowly recovering, and production platform and module are the most realistic core demand in oil and gas market.

Given that offshore engineering market is still under pressure with limited new demand in the market, and since construction works arising from newly acquired orders have not yet commenced and the provision made for asset impairment, the offshore engineering business of the Group recorded a sales revenue of RMB2.434 billion for 2018 (2017: RMB2.485 billion), representing a year-on-year decrease of 2.08%; and affected by provision for impairment of assets during the, the net loss was RMB3.449 billion (2017: net loss of RMB1.039 billion), representing a year-on-year increase of 231.86%.



## Chapter IV

### Report of the Board

In 2018, traditional oil and gas industry recovered slowly, non-oil and gas business such as new business fields including module building, production platform, ocean fisheries and marine travel saw rapid growth. Accordingly, CIMC Raffles has been actively promoting business transformation and alignment, branching out from the oil and gas core business to a diversified range of related businesses, with a view to attain a business structure to counter-balance the impacts due to fluctuations of demand for offshore engineering products in the oil and gas industry. For example, CIMC Raffles entered into a preliminary design contract for jack-up accommodation platform with a major international customer BP p.l.c. (BP); new orders haven been acquired for module business making substantial breakthrough; fisheries business acquired orders of deep-water aquaculture cages, representing a big step towards high-end fishery equipment; marine travel and reconstruction business continued to receive orders.

In respect of the construction and delivery of platforms: Petrobras' FPSO Project officially commenced in March 2018; CIMC Raffles' CR600 accommodation platform with entirely self-owned intellectual property rights commenced its lease to Petrobras in May; the Asia's largest superyacht named Illusion Plus left Yantai and embarked on her maiden voyage to Monaco in August; construction of Norway's Nordlaks breeding vessel project commenced in November, other projects under construction were mostly near completion or under repairs and maintenance.

In respect of new orders: The Company quickened the buildup of exposures in non-traditional oil and gas industry. As at 31 December 2018, 25 orders with total contract value of USD480 million came into effect this year, among which: Norway's breeding vessel contract with a value of USD106 million was acquired in February 2018; a piling style rescue and salvage vessel construction project order from Yantai Salvage Bureau under the Ministry of Transport with a value of RMB615 million was acquired in September 2018, Bohai Ferry's 2+2 ro-ro ships contract with a value of RMB404 million was acquired in October 2018, and Norway's Aker 1+1 krill transportation ships project order with a value of USD64 million was acquired in December 2018.

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. 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, detailed design to production design. In 2018, the "Blue Whale No. 1" built by CIMC Raffles won the "5th Chinese Industrial Award", which is the highest award in the industrial field of China approved by the State Council, representing the highest level of industrial development in China. On 13 June 2018, Chinese President Xi Jinping visited the Yantai base of CIMC Raffles Offshore Limited and learned about CIMC Offshore Engineering's pursuit of independent innovation development as well as the progress of establishing capabilities in independent design, research and development and manufacturing of high-end offshore engineering equipment, and held high expectations for CIMC Offshore Engineering.



## Chapter IV Report of the Board

### Airport Facilities Equipment Business

In 2018, the Group completed the injection of the equity interest in Pteris Global Limited into China Fire Safety Enterprise Group Limited (now renamed as “CIMC-TianDa Holdings Company Limited”, “CIMC TianDa”), entering the capital market of Hong Kong. This move allowed the management of the airport segment of the Group to fully capitalize on its strong management and control expertise while integrating the core competitiveness of the key businesses such as airport facilities equipment, fire and rescue facilities equipment and logistics facilities equipment.

The Group’s airport facilities 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.

Up to 2018, urban development in China presented trends toward digital city planning, intelligent infrastructure, convenient public service and industry modernization. The global airline industry continued to grow as airline passengers and cargo turnover were still on the rise with passenger transport showing higher growth than that of cargo transport. Airport facilities construction and total size of airline fleets were still expanding and market supply and demand regarding airport facilities equipment and related businesses kept on their steady growth pace. With government’s stress on domestic infrastructure construction and progress of urbanization, the fire and rescue vehicle industry witnessed moderate growth with evident expansion in domestic market size. Automated logistics which enjoyed rapid growth remained a bright spot in the current upward market cycle and had captured high market attention, when development in E-commerce express delivery presented favorable opportunities to the business of automated logistics equipment. Since the National Development and Reform Commission issued the Guiding Opinions Concerning Parking Facility Construction in Urban Areas (Fa Gai Ji Chu [2015] No. 1788) together with Ministry of Finance and Ministry of Land and Resources, policies promoting the development of the parking industry have been launched successively by local governments which offered good development opportunities for the smart parking industry in the current favorable environment backed by strong policy support.

In 2018, airport facilities equipment business of the Group recorded sales revenue of RMB4.671 billion (2017: RMB3.597 billion), representing a year-on-year increase of 29.88%; and net profit was RMB193 million (2017: RMB146 million), representing a year-on-year increase of 31.67%, which was mainly due to the increase of airport facilities equipment business and fire and rescue vehicle business.

## Chapter IV Report of the Board

In 2018, the Group further strengthened its capabilities in the airport facilities equipment business:

- (1) The airport facilities equipment business: our international market share continued to increase, and our domestic market position has been solidified and deepened. Meanwhile, we expedited our expansion in the US market and the layout plan of our global service network. Research and development work of intelligent boarding bridges has been steadily carried out. Business in respect of boarding bridge ancillary products including on-bridge air-conditioner, rose steadily in 2018 in terms of sales revenue and market share with the help of airport related business. As to GSE business, the two-way shuttle ferries and electric-powered products of Xinfra Airport Equipment Ltd., a subsidiary of the Company, gained further customer recognition and a higher profit was recorded. The Group advanced optimisation and integration of AeroMobiles Pte. Ltd in an orderly manner. CIMC Air Marrel SAS has developed steadily. The manufacturing of food vehicles and lifting platform vehicles has been shifted to China gradually, thereby further improving product quality and securing on-time delivery.
- (2) The fire and rescue vehicle business: Albert Ziegler GmbH (“Ziegler”) was committed to improving profitability and high-quality growth of sales, as well as maintaining the leading position in technology and increasing brand influence in the industry. Through merger and acquisition, increasing shareholdings, business cooperation and other initiatives, Ziegler managed to turn around its weakness in special chassis for airport fire trucks, aerial lift truck, ladder truck and other product lines and enhance the competitiveness of products in all aspects. For the domestic market, while the fire and rescue vehicle business was growing steadily, focus was put on the development of the aerial lift truck market and the active deployment of two pronged strategy for the development of both product lines and geographical coverage. In 2018, Allied Best (China) Fire Safety Appliances Manufacturing Co., Ltd, an indirect wholly-owned subsidiary of CIMC TianDa, acquired 60% equity interests in Shenyang Jietong Fire Truck Co., Ltd. (瀋陽捷通消防車有限公司) and 100% equity interests in Shanghai Jindun Special Vehicle Equipment Co., Ltd. (上海金盾特種車輛裝備有限公司). This enabled the Group to strengthen its portfolio of fire and rescue vehicle and enlarge its geographical market coverage and production capacity, and thus further accelerate the pace of its business development. This transaction is still pending approval at the general meeting of CIMC TianDa. In addition, the Group entered into a strategic cooperation agreement with Guangdong Province Public Security Fire Brigade (廣東省公安消防總隊). On the basis of mutual benefit and win-win cooperation, the Group innovated integrated solutions of fire and rescue vehicle leasing and provided a whole series of high-end to low-end fire safety equipment to accelerate the upgrade of the fire safety business in Guangdong Province. The Group also pioneered a new model of “equipment + finance + service” for the fire and rescue vehicle business, and gradually expanded such model to other parts of China.
- (3) The automated logistics systems business: benefiting from core technologies including automated sorting, the integrating capacity of our logistics systems has seen enhancement with a higher number of orders of medium to large size and high-tech projects. Meanwhile, we strengthened optimization and integration of our internal resources, lowered costs and raised efficiency and shortened the delivery cycle, thereby further enhancing our profitability.
- (4) The smart parking equipment business: during the Reporting Period, multi-storey public car park with new energy power supply for buses was the first to obtain certification in China. The Group had carried out various reliable tests, rectification, improvement and verification based on the completed sample car park, and was steadily proceeding with pilot projects. Meanwhile, the Group also has mechanical multi-storey public car parks for small cars with independent intellectual property rights.

## Chapter IV Report of the Board

### Heavy Truck Business

The Group operates the heavy truck business through its subsidiary C&C Trucks. C&C Trucks positions its main products in the mid-end 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 oil, and four series, namely tractors, mixer trucks, dump trucks, cargo trucks and special-use vehicles.

In 2018, the State Council promulgated “Three-Year Action Plan for Winning the Battle for a Blue Sky (《藍天保衛戰三年行動計劃》)” and local governments across the country responded by adopting policies that restrict and prohibit vehicles of GB III emission standard, and setting up subsidy standard for old diesel trucks to accelerate the pace of vehicle replacement and upgrade. In response to the policy for GB VI emission standard, lots of automobile enterprises exerted efforts in developing GB VI products, adopted de-stock measures to their existing vehicle models by introducing preferential policies, thus boosting sales volume of heavy trucks in 2018 to some extent. Furthermore, according to the “Three-Year Action Plan for Major Transportation Infrastructure Construction Projects (《交通基礎設施重大工程建設三年行動計劃》)”, key projects covering railways, highways, waterways, airports and urban rail transports were launched in 2018 nationwide. Large-scale infrastructure initiatives led to huge amount of construction projects, thus increasing the demand for construction vehicles and dump trucks. In terms of tractors, affected adversely by the market overdraft (the sales volume of tractors in 2017 reached the highest point of cumulative sales for the past 4 years, namely 583,300 units) and the low road freight rate in 2017, the sales volume in 2018 decreased by 17% from the previous year.

C&C Trucks received orders for 8,606 vehicles and sold 8,333 vehicles in 2018 (2017: accumulated actual sales volume was 8,710 vehicles), representing a year-on-year decrease of 4.33%, which was mainly due to the impact of the overall decline in the tractor market. During the Reporting Period, C&C Trucks recorded a sales revenue of RMB2.488 billion (2017: RMB2.566 billion), representing a year-on-year decrease of 3.04%.

In respect of domestic markets, in 2018, C&C Trucks stuck to the strategy for the development of natural gas-powered heavy trucks, realized the delivery of the first batch of LNG clean energy muck trucks in Shenzhen, and launched light-weight mixer trucks with obvious advantages in Guangdong. Our market share in many regions of China continued to rise. In the meantime, C&C Trucks adhered to the “market-oriented” principle in 2018, continued to improve management, hence ensuring delivery performance. Additionally, fixed period after-sales services were extensively carried out, significantly increasing customer satisfaction. The company also achieved breakthroughs in local markets and brand influence began to take shape. Good faith cooperation has been taken forward while business cooperation with certain low integrity channels has been terminated.

In respect of international markets, in 2018, C&C Trucks continued the business model focusing on the sale and delivery of both fully-assembled vehicles and individual components, and, taking the “Belt and Road” initiative as the main line, strived to expand new dealer channels along the route while maintaining the existing market. The previous situation dominated by exclusive distributor channels has changed to one that nurtured constructive competition from multiple distributors in the same market through reasonable product licencing. All these help laying a solid foundation for the development of key markets for international business in 2019.

## Chapter IV Report of the Board

### Logistics Service Business

The logistics service business of the Group focuses on four core business lines including container service, equipment logistics, marine transport and project logistics as well as rail-water intermodal transport, and holds the strategic mission of “becoming a cross-border comprehensive logistics solution service provider emphasising ‘equipment + service’”.

In 2018, economic and trade frictions between China and the United States brought uncertainty to global trade recovery featuring a slowdown in global commodities circulation and weaker imports and exports. In the meantime, domestic economy witnessed slower growth, which together posed great challenges to the logistics industry. However, the logistics business of the Group bucked the trend and maintained growth amid difficult conditions. During the Reporting Period, the logistics business of the Group recorded a sales revenue of RMB8.628 billion (2017: RMB8.195 billion), representing a year-on-year increase of 5.28%; and the net profit was RMB158 million (2017: RMB86 million), representing a year-on-year increase of 82.57%, which was mainly due to the impairment provision for accounts receivables and inventory arising from non-performing business included in the comparative figures for the same period last year.

In 2018, the logistics service business of the Group showed stable progress as follows:

- (1) The container services business line: we strengthened business cooperation with Southeast Asian markets (including Thailand and Vietnam etc.) according to the development plan of three major products, namely container yard, leasing and selling of new and old containers as well as railway station service; entered into joint venture and cooperation with shipping companies in the yard business; continued to improve railway service network and explored the provision of pallet operation management service for railway logistics; actively expanded strategic customer base, new business model as well as leasing and selling business of new and old containers.
- (2) The marine transport and project logistics business line: we improved domestic and international network layout based on and along the regions under the “Belt and Road” initiative: in the international market, we further strengthened service capacity in African regions, and promoted the substantial implementation of projects in Eastern Africa (such as Rwanda and Djibouti), and looked for distribution opportunities in other areas (such as Central and Eastern Europe and Southern Asia/Southeast Asia); in the domestic market, we advanced the setting up of shipping and freight forwarding service outlets in Southern China, and expanded shipping and freight forwarding service coverage nationwide; and actively explored strategic opportunities in new fields such as LNG tank container intermodal transport.
- (3) The rail-water intermodal transport business line: we integrated railway line resources in Nanjing, Suzhou, Hefei, Jiangxi and Xi’an, and built domestic multimodal transport passage network and special cargo transport network.
- (4) Equipment logistics business line: based on unitized vehicle leasing business focusing on the key feature of “manufacturing + service”, we strived to gain a leading position in recyclable packaging tools industry.

Apart from the development of the above business lines, the logistics business of the Group also put efforts into offering cross-border comprehensive logistics products targeted at industry customers to enhance overall competitiveness.

## Chapter IV Report of the Board

### Industrial City Development Business

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 2018, CIMC Skyspace Real Estate, a non-wholly-owned subsidiary of the Group, achieved remarkable breakthroughs in land reserve and project advancement. It obtained land parcels located in Shanghai and Shenzhen, respectively, and with the successive finalization of various project plans and advancement of construction works, it paves the way for future profit growth of the Group. In January 2018, CIMC Skyspace Real Estate acquired a parcel of land designated for leasehold housing in Luodian Town, Baoshan District, Shanghai, with a total gross floor area of approximately 91,500 square meters, on which residential housing will be constructed and held for lease. In June 2018, CIMC Skyspace Real Estate acquired the industrial land No. A621-0043 in Guangming New District with a total gross floor area of approximately 138,700 square meters. The project has been activated in full swing, and the land will be used to construct the first world-class low orbit satellite IoT industrial park in China. On 26 September 2018, CIMC Skyspace Real Estate successfully won the large parcel of residential community land of Meiluo Home located in Luodian Town, Baoshan District, Shanghai, with a total gross floor area of approximately 468,500 square meters through a public auction and listing process organized by the Shanghai Land and Resources Bureau. The land will be built into a comprehensive urban center of Baoshan District encompassing commercial, office, residential and recreational facilities. On 30 September 2018, the groundbreaking ceremony of the Qianhai project was held, and the project had since entered the stage of rapid advancement. In November 2018, CIMC Skyspace Real Estate succeeded in acquiring a land lot located in Taiziwan, Shekou, Shenzhen by means of capital injection. Throughout the year of 2018, CIMC Skyspace Real Estate entered into strategic cooperation agreements with various local governments for the integrated development projects of industrial cities so as to lay down a solid foundation for our sustainable business development.

In 2018, the Group's real estate development business sold 336,000 square meters (2017: 158,000 square meters) of floor area, realizing a revenue of RMB2,893 million (2017: RMB1,007 million), representing a year-on-year increase of 187.37%, and net profit of RMB564 million (2017: RMB192 million), representing a year-on-year increase of 193.15%, which was mainly due to projects acquired this year derived substantial profits.

In 2018, CIMC Skyspace Real Estate underwent significant adjustments in development strategy, organisation structure and other areas. Accordingly, the company set up an industrial business department and a development business department, with an aim of enhancing its industrial park operation capabilities through building "Six Major Centres" (including industry research centre, planning and design centre, investor introduction service centre, financial service centre, incubation acceleration centre and operation service centre) and fostering "Nine Major Capabilities" (including industry research capability, planning and design capability, investor introduction service capability, financial service capability, technical service capability, management service capability, marketing capability, government relation service capability and human resource capability), and strove to become a de facto "industrial park operation expert" by focusing on the industrial park business. The company also established Shenzhen Tianji Industrial City Investment Development Co., Ltd., a joint venture platform for industrial parks, and introduced strategic partners engaged in urban renewal in order to strengthen its resources and capabilities regarding industrial park operation services and urban renewal.

## Chapter IV Report of the Board

### Financial Business

The Group's financial 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 and CIMC Finance Company.

In 2018, as China continued to maintain a prudent and neutral monetary policy and continuously strengthened financial regulatory policies, combined with the lasting effect of financial de-leveraging, the growth rate of money supply continued to decline, and total social financing showed negative growth. Under the attitude of the central bank supporting the real economy and guiding the downward trend of long-term interest rates, the money market rates showed a general downward trend after four targeted reserve requirement ratio cuts, while the transmission mechanism of monetary policies still faced obstacles. The corporate financing costs remained high, but the rising momentum of average loan costs has been contained.

In 2018, the Group's financial business achieved revenue of RMB2.092 billion (2017: RMB2.341 billion), representing a year-on-year decrease of 10.61%, and net profit of RMB557 million (2017: RMB992 million), representing a year-on-year decrease of 43.83%, which was mainly due to the decrease in rental income of offshore engineering platforms and rising financing costs.

In 2018, in light of the strict regulatory environment in the domestic economic and financial markets, on the one hand, CIMC Financial Leasing Company further deepened "the integration of industry and finance", set up specialised subsidiaries to enhance the integration of industry and finance of various business segments under the Group, further optimised the business layout and asset portfolio, improved the quality of customer base and assets, and explored and cultivated emerging businesses with weak cyclicity, low risks and relevant to the existing businesses of the Group. On the other hand, it continued to consolidate the foundation, strengthen basic skills, continuously optimize and improve the comprehensive risk management system, strictly observe the bottom line of risk control and adhere to the strategy of "quality first, strict risk control". Meanwhile, it established and maintained positive cooperation with external financial institutions, and continuously broadened external financing channels. In June 2018, CIMC Financial Leasing Company successfully launched the off-balance-sheet leasing asset backed securities, opened up the financing channel of leasing assets and secured funding resources required for the company's development in an innovative way. Throughout the year, the new business volume has remained stable, the business portfolio continued to be optimized, and the overall risk management capability has been significantly improved.

In 2018, CIMC Finance Company adhered to the industry development trend of the Group, further strengthened the service-oriented concept, and persisted in its function of serving the Group, the industrial chain and the real economy. The industrial chain financing including the credit business for buyers achieved rapid development and provided strong support for the Group's business. In 2018, CIMC Finance Company completed capital increases of nearly RMB650 million, which became an important initiative for the implementation of the Group's strategy of "manufacturing + financing + service". In 2018, CIMC Finance Company's new financial investment in total amounted to RMB13.95 billion, effectively providing financial support for industrial development. In 2018, CIMC Finance Company actively took the following measures to enhance its business capacity: (1) It continued to improve the level of its financial services, formulated specialised financial service plans tailored to the characteristics of industrial development and deepened the integration of industry and finance, in an effort to enhance the efficiency and effectiveness of the Group's capital utilisation. (2) It actively expanded the credit business for buyers to enhance the overall competitiveness in terms of industrial development; it was granted the qualifications of trading in derivatives on behalf of customers, which lowered the Group's costs associated with foreign exchange transactions; and it was directly linked with the Shanghai Commercial Paper Exchange, which improved its operation capacity with respect to commercial papers. (3) In respect of risk prevention and control, taking the Group as a whole, CIMC Finance Company fully implemented the policy requirements of regulatory authorities for risk prevention, strengthened primary and secondary risk management, strictly adhered to the bottom line of risk control, strengthened the awareness in risk management and control, so as to ensure the stable development of the Group's financial business.



## Chapter IV Report of the Board

### Other Businesses

#### 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.

In the domestic market, in 2018, complying with the national policy of developing industrial prefabricated buildings, CIMC Modular’s building business has stood out from the competition. As the first granted bid in Xiong’an New Area, the Xiong’an Citizen Service Center project completed a hotel/office project of 30,000 square meters in Xiong’an New Area in less than 100 days, which fully demonstrated the “CIMC Speed”. The permanent building of the first modular cloud data center in the world has completed hoisting and capping. In the Hong Kong market, the company became the first to receive a technical access approval from the Hong Kong Buildings Department on the construction method of assembled composite buildings in Hong Kong, and successfully delivered the significant zero carbon emission demonstration project, achieving another zero breakthrough in a market segment.

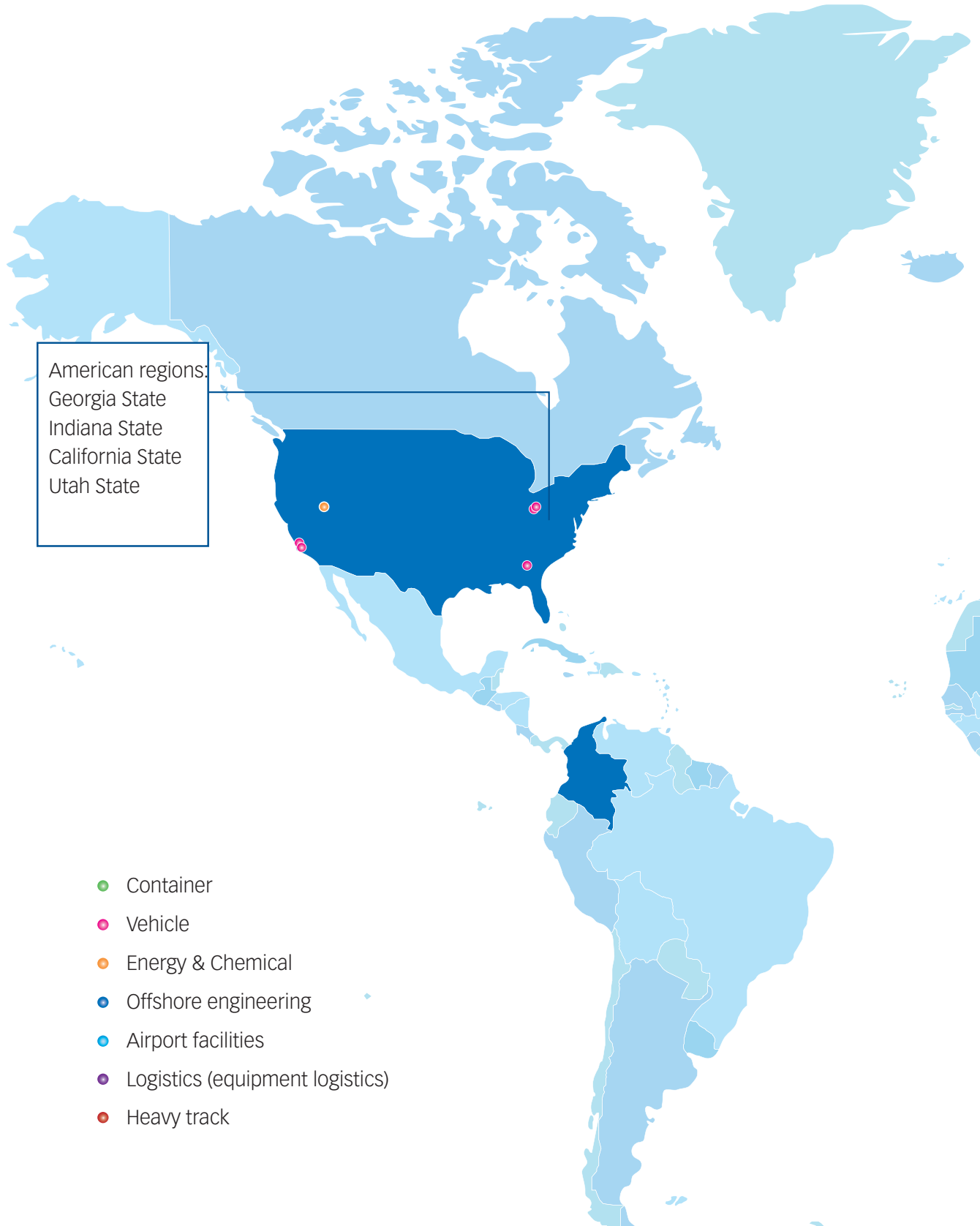
In the international market, in 2018, besides stabilizing our mature markets in the UK and Australia, the Group further expanded into new markets in various countries and regions including Africa, Northern Europe and Iceland. The UK market, as a more mature market, demonstrated different potentials in three market segments: hotel, student apartment and private residence; demand from the hotel market was strong, and bulk orders have been under way; in the student apartment market, with the student apartment project of the University of Newcastle, UK officially put into use, the market influence of the Group’s modular building brand has been increasing; in the private residence apartment market, negotiations with the relevant parties of a number of projects have been carried out, and the cooperation intention has been agreed upon. In the Australian and New Zealand market, we have gained official access to the high-rise hotel and governmental public safety service facilities sectors, and with the successful application of fully pre-installed glass curtain walls, the industrialization rate of buildings has reached 95% of the world’s leading level. The construction of the Djibouti project in the African market has also been completed. In the Northern Europe and Iceland market, we successfully secured the access qualification, and the order for the first Marriott Hotel project has been signed.

#### Multimodal Transport Business

In 2018, the Group’s multimodal transport network layout and cargo collection and distribution capacity construction continued to advance, the business operation management platform was further optimized, and various business units developed coordinately. In respect of the railway business, the railway-based inland network layout has covered the main economic regions of China. The Group has launched container trains for over 20 different rail lines in total, had container trains delivery operations in seven of the 18 railway bureaus in China, and had container trains arrival operations in ten of those railway bureaus, and more than 1,000 specialized tank containers have been put into road-rail transport. In respect of the marine transport business, the controllable vessel shipping capacities exceeded 50 ships, and the Group began to enter the coil steel road-rail transport business. The combination of railway business layout and highway short-distance distribution capability under rapid development has greatly improved the efficiency of door-to-door logistics services.

Chapter IV  
**Report of the Board**

**Map of major business production bases**

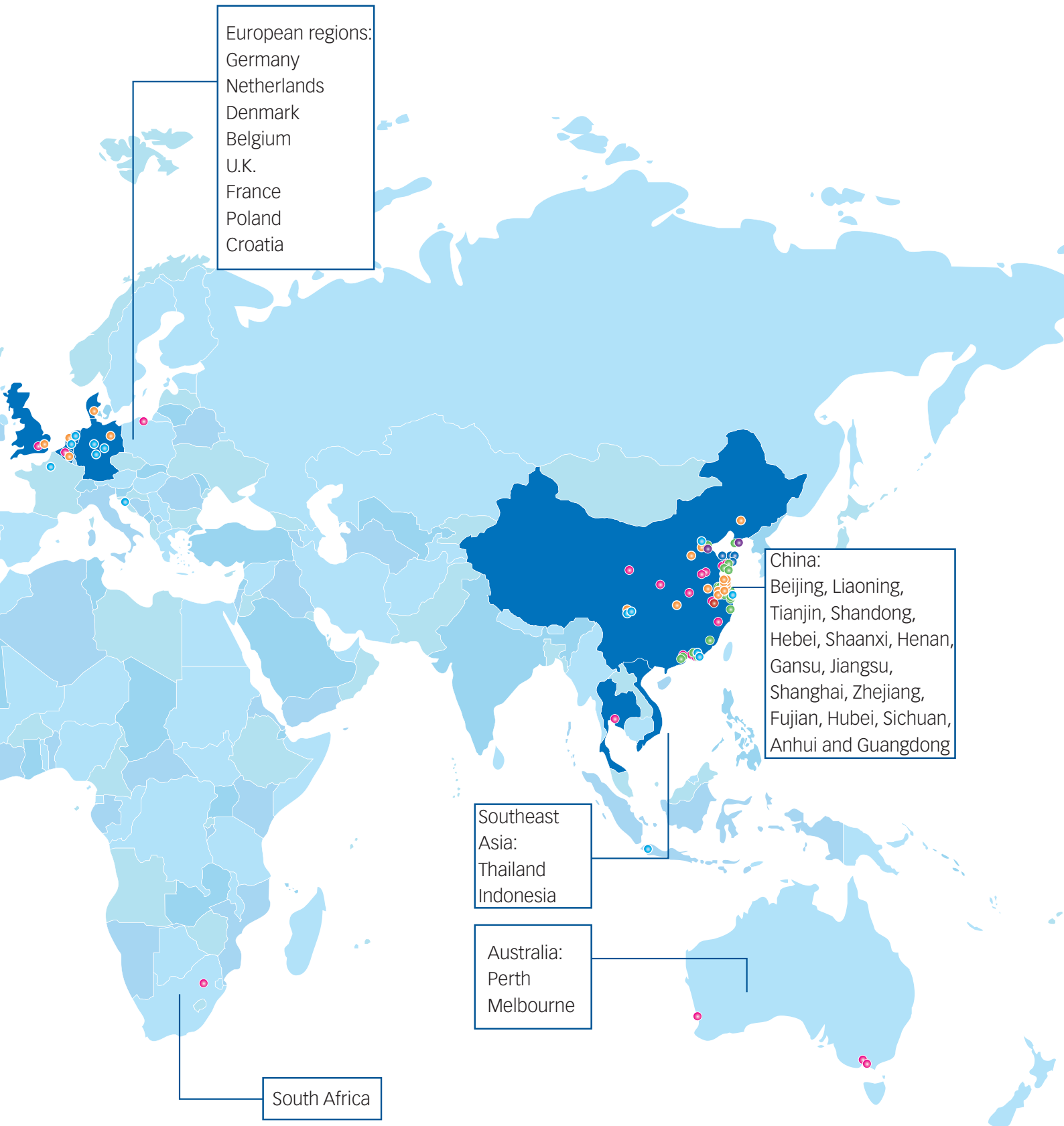


American regions:  
Georgia State  
Indiana State  
California State  
Utah State

- Container
- Vehicle
- Energy & Chemical
- Offshore engineering
- Airport facilities
- Logistics (equipment logistics)
- Heavy track



Chapter IV  
Report of the Board



## Chapter IV Report of the Board

### III. FUTURE DEVELOPMENT AND OUTLOOK

#### 1. Macroeconomic Environment and Policies

In 2019, the uncertainties of economy and trade at home and abroad continued to overlap, and pessimistic expectations on the economic outlook reappeared. The recovery of global economy faced with challenges, the number one risk is still the global trade war, and some emerging economies face debt and exchange rate crises.

#### 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 4.5% in 2018 and is expected to decrease slightly to 4.4% in 2019, but remained at a favourable level. In spite of the high growth of 5.7% in 2018, the growth of shipping capacity will decrease to 3.1% in 2019, the oversupply in the container transportation market may be relieved. As a result, it is predicted generally that customers are expected to maintain a constant willingness to purchase containers, but the demand for containers in 2019 will fall back from the record high in 2018.

**In respect of the road transportation vehicle business:** according to the Frost & Sullivan Report, global sales are predicted to pick up gradually driven by the expected economic recovery in China and Europe. In 2019, the number of semi-trailers sold is expected to reach 378,000 units in China; North America will witness a decline in the CAGR to 0.6% over the 2017-2022 period as predicted; Europe is expected to record a CAGR of 2.6% during the period from 2017 to 2022.

**In respect of the energy, chemical and liquid food equipment business:** as China enters the golden period for natural gas development, the import volume of natural gas, in particular LNG, will maintain relatively rapid growth. This segment will continue to adhere to the strategy of internal optimization, capacity integration and business collaboration, consolidate and continue to expand the comprehensive capacity of key equipment manufacturing, engineering services and solution offerings in natural gas storage infrastructure, transportation equipment and applications, deploying along the whole natural gas industrial chain. The chemical environment segment will continue to focus on providing chemical logistics solutions and one-stop services for customers, so as to further consolidate its leading position in the global market. At the same time, in response to China's solid waste and hazardous waste management needs, this segment will develop its environmental protection equipment manufacturing and system integration capabilities, and actively explore business opportunities in relation to environmental protection management. In the future, the liquid food segment will focus on developing existing businesses in existing markets, continuously introducing innovative products and services, and further exploring emerging markets with existing equipment and services, so as to maintain continuous growth.

## Chapter IV Report of the Board

**In respect of the offshore engineering business:** in 2019, it is expected that oil prices will be slowly climbing and the investment in oil and gas exploration and development will steadily increase whilst still under pressure. It is expected that the demand in the drilling platform market in 2019 will still be limited, characterized by overall oversupply, gradual balancing and local shortage. Market segments of the offshore engineering business (such as LNG module, FPSO and FSRU markets) are embracing new strong growth drivers.

**In respect of the airport facilities equipment business:** in 2019, it is predicted that the global airport business will still maintain steady growth, and it is expected that the boarding bridge and peripheral business and the GSE business will benefit as China opens up more airspace. The fire and rescue equipment business will also grow steadily as there is a visible trend in merger, acquisition and consolidation in the global fire safety industry, with lifting and specialty vehicles as the main profitable points. The automated logistics business will continue to grow with further improvements in smart technology applications. The parking industry is favorably backed by policy-support. It is evident from the policies rolled out by pilot cities that proposals to develop multistory parking will be feasible and effective. In addition, the level of smart technology applications in various industries has also been gradually improving. The garage business is expected to achieve a major breakthrough in 2019, because the newly developed three-dimensional bus garage business is expected to bring a new market.

**In respect of the heavy truck business:** in 2019, under the influence of the international landscape, there is a great uncertainty in the macro-economy, with the domestic economy focusing on structural adjustment. With the continuously heightened environmental laws and regulations, the start of the blue sky protection campaign, and the strict implementation of policies such as overload and over-limit control, the national heavy truck market in 2019 will set off a new upsurge of emission upgrading. To this end, in 2019, the demand for replacing tractors and urban construction muck trucks will be released in advance, and the demand for GB VI natural gas heavy trucks and new energy heavy trucks will usher in new opportunities. In addition, affected by various factors, the domestic heavy truck market in 2019 will maintain the stable development trend in recent years. The total sales volume of the industry is expected to be 800,000 to 900,000 vehicles, which will decline by approximately 20% compared with the sales volume in 2018. In particular, there will be different degrees of decline in the market segment demand for the four major categories, i.e. tractor, cargo truck, dump truck and specialty vehicle, especially a greater decline in the cargo and dump truck markets.

**In respect of the logistics services business:** in 2019, increasing uncertainties associated with the global trade landscape and the rise of trade protectionism led by the United States have led to certain pressure on China's foreign trade in terms of trade balance. The foreign trade import and export business is still exposed to many constraints. Faced with such risks existing in the external environment, the PRC is undergoing a comprehensive deepening reform and economic restructuring by implementing several national strategies, such as "Belt and Road", "all-round opening up" and "Internet +", all of which will bring opportunities for the development of the logistics industry.

**In respect of the industrial city development business:** in 2019, affected by the normalization of policy regulation, the financing environment still maintains a tightening trend. With the advancement of the 13th Five-Year Plan and urbanization nationwide, industrial real estate has become the focus of government, enterprises and capital markets. With the support of relevant policies, the gradual transfer of population to the second- and third-tier cities and the scarcity of industrial land in the first-tier cities, the industrial real estate has been transforming from the development mode to the operation mode. It has become a trend to encourage property self-maintenance and cultivate advanced industrial clusters. It is expected that the development of industrial real estate will be in a good trend in the future.

## Chapter IV Report of the Board

**In respect of the financial business:** in 2019, domestic financial leasing enterprises face both challenges and opportunities. On one side, the overall economy is exposed to growth deceleration, and the domestic economy may continue to go down. Leasing companies will shoulder dual pressure and challenges relating to capital and assets in their operations. On the other side, financial leasing companies will return to the origin of leasing business, focusing on the synergy from the integration of industry and finance, creating specialized and differentiated competitive advantages based on leasing items. In 2019, with the gradual emergence of the impact of trade frictions, increasing downward pressure on the domestic economy, stable growth gradually takes on heightened importance, the monetary policy will undergo a transformation from “Monetary Easing” to “Credit Easing”. The central bank is expected to implement moderate to loose and structurally loose monetary policies. However, other factors such as deleveraging, risk prevention and international monetary policy tightening cycle have limited the room for easing.

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

Looking forward, in 2019, 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 2019, for the container mature business, the Group will continue to implement the national strategy of transformation and upgrading of traditional industries. It will increase efforts on investment in research and development and equipment investment, and improve the level of intelligent container manufacturing and green development. The Group will also improve its ability to manage mature businesses through the implementation of EPR projects, in order to strengthen and enhance its competitive edge and industry position in the container manufacturing business. In respect of major project investment, the Group will strive to complete the construction of the entire phase I of the planned for a new factory project located in Fenggang, Dongguan as planned and put it into use in 2019. In respect of new business expansion, the Group will quicken its pace of the commercialisation of certain old factories or idle land. Through the combination of the industrial fund investment incubation model and the external equity direct investment model, the Group will actively explore and develop business areas related to the container mature business, such as cold chain equipment and logistics equipment, so as to grasp new business opportunities.

**In respect of the road transportation vehicle business:** in 2019, CIMC Vehicles will continue to develop new products and improve product features by strengthening global operations and digitizing production processes. It will consolidate its leading position in the global semi-trailer market through the establishment of an agile organization for digital manufacturing and operations and continuously capturing new business opportunities with growth potential. In China, the Group will continue to construct the new production plant of the demonstrative Yangzhou Plant, expand the existing production lines of chassis trailers, curtain side trailers and fence trailers in the demonstrative Zhumadian Plant, and upgrade the chassis flatbed trailers of the Liangshan Plant and the tank trailers of the Wuhu Plant, thus accelerating the production schedule and improving efficiency. In the North American market, the Group will increase the production capacity for refrigerated trailers and chassis trailers in the United States. In Europe, it will increase the assembly capacity for curtain side trailers, swap bodies and refrigerated trailers. In the emerging markets, the Group intends to increase production and marketing efforts in Djibouti to strengthen operational capacity in Africa.

## Chapter IV Report of the Board

**In respect of the energy, chemical and liquid food equipment business:** in 2019, the clean energy segment will adopt the development strategy of “positioning itself in China, developing overseas and extending the full business chain”, with a focus on the construction of the entire LNG business chain and the entire LPG business chain, continue to adjust and optimize the high-pressure business chain that combines hydrogen, electronic gas and compressed natural gas, and capture new market opportunities in developing unconventional gas equipment and floating LNG applications. The chemical environment segment will continue to enhance its technology research and development of tank container products as well as market expansion, and will vigorously expand the application of special-purpose tank containers while solidifying its leading position in the market of standard tank containers. At the same time, it will actively explore the possibility of developing an environmental protection business by focusing on research and development and manufacturing of environmental protection equipment. The liquid food segment will focus on global expansion to further strengthen the competitive edge in beer equipment business, and enhance the development of design, procurement and installation construction service business by utilizing core technologies.

**In respect of the offshore engineering business:** in 2019, the Group will continue to accelerate the transformation and expansion of its offshore engineering business, expanding its oil and gas business into relevant diversified businesses, as well as establishing a business structure that can restrain product volatility. In the future, the Group will focus on breakthroughs in seven market directions (including vessel operation and management; traditional offshore engineering business; polar market; production platform module business; offshore gas, wind, nuclear power generation; deep-sea and offshore fishery and sea tourism), creating new champion products in these market segments, expanding traditional offshore engineering FPSO and module business, as well as vigorously developing clean energy businesses, such as LNG, power barge/FSRU and wind power boat businesses, along with other emerging businesses including offshore fishing and deep-sea tourism.

**In respect of the airport facilities equipment business:** in 2019, on the basis of strengthening the airport facilities business, the Group will put more efforts on the two main lines of automation and urbanisation, by focusing on developing the fire and rescue business and further diversifying the application scenarios of the automated logistics business. For example, the Group will strengthen the life cycle management of the products of the two core businesses, namely airport facilities equipment and fire and rescue equipment, improve the service system and expand broader service business with informatization and big data and pay equal attention to service and manufacturing, so as to increase greatly the proportion of service business in sales revenue, and seek potential value improvement space along the industrial chain to the service and consumption terminals on the basis of its own manufacturing upgrades; the Group will also increase the bidding strength in the US through improved marketing and service, and strive to make the breakthrough and obtain orders. For the fire and rescue business, it will continue with strategic mergers and acquisitions, industrial layout and synergetic integration to achieve increases in business scale and efficiency, practice the strategic ideas which are generated from the domestic “Going Out and Bringing In” strategy, and introduce foreign advanced technologies and facilities into the domestic market. The Group will further enhance its aerial lift capabilities to meet the construction demand from urbanisation. The Group will increase its automated logistics manufacturing level, improve delivery ability, keep aware of cutting-edge technologies, and further propel the implementation of the multi-storey parking complex. Also, the Group will further build a comprehensive human resource system, improve team’s professional level and keep strengthening its risk control capability. Moreover, the Group will also expand our market presence on the basis of merger, acquisition and consolidation, enhancing the effectiveness of interaction between Sino-Europe markets and Sino-U.S. markets.

## Chapter IV

### Report of the Board

**In respect of the heavy truck business:** in 2019, C&C Trucks will fine-tune its management policy as “market orientation, risk prevention, scale priority and quality growth”. In 2019, C&C Trucks will be committed to increasing product sales, conscientiously increasing production economies of scale, constantly enlarging market share, and conscientiously improving product recognition. It will build reliable quality, create a benign partnership, and promote its performance to grow along with partners. In 2019, C&C Trucks will adopt the following key measures to ensure the implementation of strategies and the successful realization of annual business objectives, which include construction of marketing channels and ability improvement, collection and control of accounts receivables, construction of a competitive financial system, disposal of inefficient assets and risk prevention, cost reduction, and cultivating of a team atmosphere of mutual trust, inclusiveness and cohesion.

**In respect of the logistics services business:** in 2019, facing changes in the internal and external environments, the Group will take it as a strategic mission to become a cross-border comprehensive logistics solution provider in the logistics services industry, centering on “equipment + service” and furthering strategic focuses and structure optimization. Relying on the comprehensive logistics solutions with the core competitiveness in building trunk transport capacity, the Group aims to achieve steady growth despite the severe economic situation. For the pursuit of business optimization and development, the Group will enhance the capacity in providing comprehensive logistics solutions, and strive to become a leading logistics service provider in niche fields. In line with the national “Belt and Road” strategy, the Group will rapidly complete its global network layout; based on the organization model of “control by group, construction by segments and operation by enterprises directly in-charge”, it will actively promote the optimization of segmental organizations and the construction of core teams. The Group will focus on digital construction to speed up digital transformation, construct the information platform and assist in the business upgrade. The Group will focus on optimizing the asset structure and disposing of inefficient assets. To prevent and control significant risks, the Group will carry out key tasks, including investment and merger and acquisition management, health, safety and environment (HSE) management and internal control and audit.

**In respect of the industrial city development business:** in 2019, the industrial city development business will actively promote the implementation of major projects and various tasks of the Group in Shenzhen, Shanghai and other first-tier cities through the adjustment of the strategic organizational structure and development strategies, based on its own advantageous resources. Meanwhile, it will actively seek for first-tier cities with promising prospects or push forward asset-light projects in the vicinity of first-tier cities, further realizing the strategic policy of “prioritizing both light and heavy”. It is expected that in 2019, the performance of the industrial city development business will enter a period of rapid growth.

**In respect of the financial business:** in 2019, CIMC Financial Leasing Company will continue to adhere to the two-wheel drive, for one thing, further deepening the synergy of industry and finance to continuously enhance the business development of existing subsidiaries; for another, insisting on independent development and driving business upgrade and model innovation to maintain the steady growth of business. Meanwhile, the Company will continue to optimize the overall risk management system, gradually build a diversified financing system and financing capacities, strengthen the operation efficiency and service capabilities of the mid-and-back offices. It aims to improve information technology management and achieve steady and high quality growth. In 2019, CIMC Finance Company will, by centering on the operating philosophy of “providing quality services, keeping bottom line, optimisation and improvement, achieving quality growth”, regard customer focus as the starting point of all tasks, and ensure its development with risk management and control and team building, striving to achieve customer satisfaction, shareholder satisfaction and employee satisfaction. CIMC Finance Company will, leveraging its four-role strategic positioning, i.e. as a global capital operator, integrated financial service provider, collaborator for implementing group strategies and value creator for the synergy of industry and finance, boost industrial development and provide financial support for the development of various industries of the Group.



## 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. 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. The changes in new industrial policies, tax policies, etc. that have a huge impact on business operations have resulted in uncertainties to the future development of this industry. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

**Risk of trade protectionism and anti-globalisation:** anti-globalisation trend such as the trade protectionism implemented by the United States, Brexit and political elections in European countries, 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 reverse 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 foreign 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 internationalisation, and under the backdrop of constant volatility in the global financial market, the exchange rate of the RMB against the 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 an imbalance between supply and demand, which will cause an intensified competition in the industry. Besides, the competition landscape of the industry may also change due to entry of new players or improved capacity of existing rivals.

**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.

## Chapter IV Report of the Board

### 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 vehicle business, energy, chemical and liquid food equipment business, offshore engineering business, logistics service business, heavy truck business, airport facilities equipment business, industrial city development, financial 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 and chemical 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.

#### 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 “layering 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

With the accumulation of large-scale, serialised and standardised management experience and capabilities in the area of container manufacturing over the years and its continuous improvements and upgrades, currently, the Group introduces the lean management concept to the whole Group, and brings into full play of such core capabilities as highly efficient, safe, green and lean production and manufacturing technologies and process management represented by the ONE model and QHSE across its business segments to realise the goal of continuous improvement.



## Chapter IV Report of the Board

### Integrated Resources and Ability to Achieve Collaborative Development

In several business segments such as the road transportation vehicle, energy, chemical and liquid food equipment and airport facilities 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.

### 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 251 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. 18 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 2018 was RMB478,144,000 (2017: RMB75,163,000). The change during the Reporting Period was mainly due to the land appreciation tax pre-paid for industrial city development projects.

### 3. Reserves and Distributable Reserves

As of 31 December 2018, the reserves of the Group were RMB25,365,354,000 (31 December 2017: RMB23,016,029,000), and the distributable reserves were RMB22,082,769,000 (31 December 2017: RMB19,734,494,000). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in notes IV. 47 and 48 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

## Chapter IV Report of the Board

### 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

As at 31 December 2018, 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

Please refer to note IV. 39 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.

### 10. Issuance of Corporate Bonds

Please refer to "Chapter XII Corporate Bonds" in this Report for details of the issuance of corporate bonds by the Company.

Chapter IV  
**Report of the Board**

## 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 RMB7,019,000 (2017: RMB2,592,000).

## 13. Compliance with Laws and Regulations

In 2018, 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.

## 15. Share Capital

As at 31 December 2018, the Company’s share capital is as follows:

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	1,268,412,327	42.49%
H Shares	RMB1.00	1,716,576,609	57.51%
Total	–	2,984,988,936	100.00%

## Chapter IV Report of the Board

### 16. Dividend Distribution

Based on the Group's 2018 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB5.5 per ten shares (including applicable taxes) for the year of 2018. No bonus share will be 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. The dividend payment plan for the year of 2018 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 notes IV. 48 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" and "1. 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 2017 Social Responsibility & Environmental, Social and Governance Report and the 2018 Social Responsibility & Environmental, Social and Governance Report on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018 and 27 March 2019 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. For details, please refer to "XVIII. Social Responsibility" of "Chapter VIII Significant Events".

### 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

	2018		2017		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
Total revenue	93,497,622	100.00%	76,299,930	100.00%	22.54%
<b>By industry</b>					
Containers	31,536,221	33.73%	25,046,697	32.83%	25.91%
Road transportation vehicles	24,399,718	26.10%	19,520,664	25.58%	24.99%
Energy, chemical and liquid food equipment	14,162,800	15.15%	11,846,200	15.53%	19.56%
Offshore engineering	2,433,598	2.60%	2,485,417	3.26%	(2.08%)
Airport facilities equipment	4,671,147	5.00%	3,596,511	4.71%	29.88%
Logistic services	8,628,262	9.23%	8,195,452	10.74%	5.28%
Financial business	2,092,384	2.24%	2,340,641	3.07%	(10.61%)
Real estate	2,893,205	3.09%	1,006,792	1.32%	187.37%
Heavy trucks	2,487,666	2.66%	2,565,745	3.36%	(3.04%)
Others	4,231,489	4.53%	3,119,337	4.09%	35.65%
Combined offset	(4,038,868)	(4.32%)	(3,423,526)	(4.49%)	(17.97%)

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules**

Unit: RMB thousand

	2018		2017		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
<b>By product</b>					
Containers	31,536,221	33.73%	25,046,697	32.83%	25.91%
Road transportation vehicles	24,399,718	26.10%	19,520,664	25.58%	24.99%
Energy, chemical and liquid food equipment	14,162,800	15.15%	11,846,200	15.53%	19.56%
Offshore engineering	2,433,598	2.60%	2,485,417	3.26%	(2.08%)
Airport facilities equipment	4,671,147	5.00%	3,596,511	4.71%	29.88%
Logistic services	8,628,262	9.23%	8,195,452	10.74 %	5.28%
Financial business	2,092,384	2.24%	2,340,641	3.07 %	(10.61%)
Real estate	2,893,205	3.09%	1,006,792	1.32 %	187.37%
Heavy trucks	2,487,666	2.66%	2,565,745	3.36 %	(3.04%)
Others	4,231,489	4.53%	3,119,337	4.09 %	35.65%
Combined offset	(4,038,868)	(4.32%)	(3,423,526)	(4.49%)	17.97%
<b>By region</b>					
China	44,558,488	47.66%	32,769,171	42.95%	35.98%
America	23,406,096	25.03%	18,482,055	24.22%	26.64%
Europe	17,439,309	18.65%	18,029,736	23.63%	(3.27%)
Asia (excluding China)	6,533,782	6.99%	5,412,665	7.09%	20.71%
Others	1,559,947	1.67%	1,606,303	2.11%	(2.89%)

## Chapter V

### Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

#### (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
<b>By industry</b>						
Containers	31,536,221	28,572,800	9.40%	25.91%	35.13%	(6.18%)
Road transportation vehicles	24,399,718	20,995,009	13.95%	24.99%	31.72%	(4.40%)
Energy, chemical and liquid food equipment	14,162,800	11,495,407	18.83%	19.56%	19.15%	0.27%
<b>By product</b>						
Containers	31,536,221	28,572,800	9.40%	25.91%	35.13%	(6.18%)
Road transportation vehicles	24,399,718	20,995,009	13.95%	24.99%	31.72%	(4.40%)
Energy, chemical and liquid food equipment	14,162,800	11,495,407	18.83%	19.56%	19.15%	0.27%
<b>By region</b>						
China	44,558,488	–	–	35.98%	–	–
America	23,406,096	–	–	26.64%	–	–
Europe	17,439,309	–	–	(3.27%)	–	–

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



## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****(3) The Company's Income of the Physical Sale is Higher than the Service Revenue or not**

Yes     No

Industry classification	Item	2018	2017	Year-on-year Change (%)
Containers	Sales volume			
	Dry containers (ten thousand TEU)	154.39	130.89	17.95%
	Reefer (ten thousand TEU)	16.82	10.91	54.17%
Road transportation vehicles	Sales volume (ten thousand units)	19.2	16.3	17.79%
Offshore engineering business	Sales volume			
	Semi-submersible Drilling Platform (unit)	0	0	0%
	Jack-up Drilling Platform (unit)	0	2	(100%)
	Special OSV (unit)	0	0	0%
	Production output			
	Semi-submersible Drilling Platform (unit)	4	4	0%
	Jack-up Drilling Platform (unit)	5	5	0%
	Special OSV (unit)	5	1	400%

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

(1) During the Reporting Period, benefited from the reefer container market, the total order volume of the Group's container business in 2018 increased by 26% than that in 2017, so we recorded a significant growth in sales volume.

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

Applicable     Not Applicable

## Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

### (5) Composition of Cost of Sales

#### Industry classification

Unit: RMB thousand

Industry classification	Item	2018		2017		Year-on-year Change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Containers	Direct materials	23,837,570	85.33%	17,344,980	82.03%	3.3%
Road transportation vehicles	Direct materials	18,637,862	89.21%	14,082,366	88.35%	0.86%
Offshore engineering	Equipment	1,280,460	56.80%	1,464,155	58.14%	(1.34%)

#### Product classification

Unit: RMB thousand

Industry classification	Item	2018		2017		Year-on-year change of %
		Amount	% of cost of sales	Amount	% of cost of sales	
Containers	Direct materials	23,837,570	85.33%	17,344,980	82.03%	3.3%
Road transportation vehicles	Direct materials	18,637,862	89.21%	14,082,366	88.35%	0.86%
Offshore engineering	Equipment	1,280,460	56.80%	1,464,155	58.14%	(1.34%)

### (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.

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****(7) Information of Significant Changes or Adjustments of Businesses, Products or Services of the Company during the Reporting Period**

Applicable     Not Applicable

**(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)	13,481,551.77
% of the total sales amount of the top five customers in the annual total sales amount	14.42%
% 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	Triton Container International Limited c/o TAL International Container Corporation	3,821,171.87	4.09%
2	Mediterranean Shipping Company S.A.	3,784,016.62	4.05%
3	SeaCube Containers LLC	2,262,045.13	2.42%
4	CMA CGM SHIPPING CO., LTD.	1,968,608.86	2.11%
5	CAI International, Inc.	1,645,709.29	1.75%
Total	--	13,481,551.77	14.42%

## 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.

## Chapter V

### Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

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

Total purchase amount of the top five suppliers (Unit: RMB thousand)	8,492,025.44
% of the total purchase amount of the top five suppliers in the annual total purchase amount	10.67%
% 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	Rizhao Steel Wire Co., Limited	2,502,642.00	3.14%
2	Shanghai Baosteel Pudong International Trading Co., Ltd.	2,027,335.00	2.55%
3	Hegang Group Co., Ltd.	1,413,562.00	1.78%
4	Jiangsu Dewei Coating Co., Ltd.	1,285,461.00	1.61%
5	China National Heavy Duty Truck Group Company Limited and its subsidiaries	1,263,025.44	1.59%
Total	–	8,492,025.44	10.67%

#### 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.

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****3. Expenses**

Unit: RMB thousand

	2018	2017	Year-on-year change
Sales expenses	1,744,260	2,926,718	(40.40%)
Management expenses	5,158,990	4,830,325	6.80%
Finance expenses	1,158,896	1,446,321	(19.87%)
Income tax expenses	2,615,103	1,250,826	109.07%
R&D expenses	993,416	651,729	52.43%

Description for significant changes in sales expenses and income tax expenses:

During the Reporting Period, the sales expenses decreased by 40.40% as compared with the same period of last year, which was mainly due to the freight charges in costs of sales reclassified to operating costs according to the New Revenue Standard during the Reporting Period; income tax expenses increased by 109.07% as compared with the same period of last year, which was mainly due to the corresponding income tax provision made for the Qianhai project and the reservation and acquisition and relocation compensation payment for the Qingdao land during the Reporting Period; the research and development expenses increased by 52.43% 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 the development path of the "Made in China 2025 CIMC Action Planning" (the "Action Plan") 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 2018, the Group established the smart manufacturing committee according to the development path of the Action Plan to accelerate the pace of development of the Group's new industrialization. Focusing on the manufacturing model upgrade, product universalization, standardization and modularization, the committee is aim to build 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. In terms of product intellectualization and efficient operation, the Group launched the project of "building champion products in the world" to improve product operation quality and technical innovation to realize product upgrade and intellectualization. In respect of green manufacturing, in 2018, 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.

## Chapter V

### Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

In 2018, the Group accelerated the transformation and upgrading of intelligent manufacturing. In the integration of informatization and industrialization, we took "informatization construction through integration" as one of the group strategies, and actively explored the integration of informatization and industrialization by using Internet of Things, big data and artificial intelligence. The Group selected the Qingdao Refrigeration Industrial Base in the container segment and the Wuhu Ruijiang Vehicle Factory in the vehicle segment as pilot units for the informatization construction, in a view to create 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. The platform capability built by two successful pilots can be quickly copied to other companies in the Group, and the corresponding informatization capabilities can be matched while the production line upgraded automatically. As of the end of 2018, six 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

	2018	2017	Proportion of changes
Number of R&D personnel (person)	3,396	3,389	0.21%
Proportion of R&D personnel	6.63%	6.69%	(0.06%)
Amount of R&D investments (RMB thousand)	1,040,751	725,386	43.48%
Proportion of R&D investments in revenue	1.11%	0.95%	0.16%
Capitalised amount of R&D investments (RMB thousand)	47,335	73,657	(35.74%)
Proportion of capitalised R&D investments in R&D investments	4.55%	10.15%	(5.60%)

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

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****5. Cash Flows**

Unit: RMB thousand

Item	2018	2017	Year-on-year change
Subtotal of cash inflows of operating activities	96,239,347	80,669,385	19.30%
Subtotal of cash outflows of operating activities	96,098,615	76,204,554	26.11%
Net cash flows from operating activities	140,732	4,464,831	(96.85%)
Subtotal of cash inflows of investing activities	2,980,266	11,250,029	(73.51%)
Subtotal of cash outflows of investing activities	7,382,196	13,019,586	(43.30%)
Net cash flows from investing activities	(4,401,930)	(1,769,557)	(148.76%)
Subtotal of cash inflows of financing activities	79,488,047	62,750,173	26.67%
Subtotal of cash outflows of financing activities	70,192,281	66,287,326	5.89%
Net cash flows from financing activities	9,295,766	(3,537,153)	362.80%
Net increase/(decrease) of cash and cash equivalents	5,089,896	(895,810)	668.19%

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 decreased by 96.85% as compared with the same period of last year, which was mainly due to 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 148.76% as compared with the same period of last year, which was mainly due to the increase of cash paid by the Group for purchasing long-term assets (including fixed assets, engineering under construction and etc.); Net cash flows from financing activities increased 362.80% as compared with the same period of last year, which was mainly due to the increase of cash flows from financing activities (including acquisition of borrowings, issuance of bonds and etc.) during the Reporting Period as compared with the same period of last year.

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



## Chapter V

## Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

### III. ANALYSIS OF NON-PRINCIPAL BUSINESSES

✓ Applicable    □ Not Applicable

Unit: RMB thousand

	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Loss on asset impairment	2,425,624	36.29%	Mainly due to the impairment provision made for offshore engineering assets during the year.	No
Loss on credit impairment	304,550	4.56%	Mainly due to the bad debt provision made for long-term receivables and accounts receivables.	No
Gain on disposal of assets (Note)	5,241,911	78.43%	Mainly due to the revenue generated from Qianhai and Qingdao land projects.	Yes

Notes: Gain on disposal of assets during the Reporting Period includes:

- (1) The gain of RMB3,841.16 million from Qianhai land contracts: On 9 October 2017, Southern CIMC entered into the Land Preparation Framework Agreement with the Urban Planning, Land & Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會) ("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) ("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 with a site area of 524,000 sq.m. in aggregate. The Framework Agreement was entered into after mutual negotiation on the principles of respecting history, complying with arrangements, setting aside controversies, sharing interests and win-win development. Pursuant to the Land Preparation Framework Agreement, Shenzhen UPLRC and the Qianhai Authority agreed to arrange a land parcel of approximately 57,000 square meters as the site for preliminary project of Southern CIMC, of which approximately 36,000 square meters 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 and Qianhai Authority entered into the fourth supplemental agreement to the Shenzhen Land Use Right Granting Contract (Shen Di He Zi (2006) No. 0193) (the "Supplemental Agreement"), 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, Qianhai CIMC City Property Development (Shenzhen) Co., Ltd. ("Qianhai CIMC City") and Qianhai CIMC Cloud Property Development (Shenzhen) Co., Ltd. ("Qianhai CIMC Cloud"), 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 with a site area of approximately 19,611.15 sq.m. and T102-0290 with a site area of approximately 18,058.26 sq.m. of the Phase I Land (hereinafter collectively referred to as the "Granting Contracts". The Granting Contracts and the Supplemental Agreement are hereinafter collectively referred to as the "Agreement", respectively. The carry amount of land parcel T102-0152 discharged by the Supplemental Agreement was RMB30.32 million, and the estimated value of land parcels T102-0289 and T102-0290 in the Agreement was RMB3,871.48 million, resulting a revenue of RMB3,841.16 million and a profit after tax of RMB2,880.87 million. For specific details, please refer to the relevant announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the website of the Company ([www.cimc.com](http://www.cimc.com)), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 9 October 2017 and 28 February 2019. The Company will perform the corresponding approval procedures and information disclosure obligations for the follow-up matters involved in the Land Preparation Framework Agreement.
- (2) In September 2018, the Group and its subsidiaries, Qingdao CIMC Reefer Container Manufacture Co., Ltd. and Qingdao CIMC Special Reefer Co., Ltd. recognised an income of RMB1,369.117 million for land and buildings, equipment, auxiliary facilities and demolition compensation. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-087), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 2 October 2018.

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****IV. ASSETS AND LIABILITIES****1. Significant Changes in Assets**

Unit: RMB thousand

	As at the end of 2018		As at the end of 2017		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	9,729,152	6.12%	5,596,314	4.28%	73.85%	Mainly due to the addition of the Prince Bay project company at the end of 2018.
Inventories	27,335,324	17.20%	19,258,327	14.75%	41.94%	Mainly due to the increase in land in Qianhai and Prince Bay projects.
Long-term equity investments	3,569,900	2.25%	2,398,495	1.84%	48.84%	Mainly due to the capital increase to Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.
Prepayments	6,861,297	4.32%	2,147,721	1.64%	219.47%	Mainly due to the increase in prepaid land premium.

**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. 26 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

### 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
942,499	1,299,190	(27.45%)

#### 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)
CIMC-TianDa Holdings Company Limited ("CIMC TianDa" formerly known as China Fire Safety Enterprise Group Limited ("CFE"))	Manufacture and sales of passenger boarding bridges, airport group support equipment, automated vehicle parking systems, fire engines and fire prevention and fighting equipment; provision of engineering and computer software solutions	Reverse takeover	1,242,520	51%	Equity swap	-	-	-	Completed	-	No	2017.12.05; 2018.02.03; 2018.03.29; 2018.04.24	www.cninfo.com.cn; www.hkexnews.hk;
Shenzhen Taizhwan Shangrong Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	capital increase	1,548,666.81	49%	Self-owned funds	-	-	-	Completed	-	No	2018.09.28; 2018.11.24; 2018.12.01	www.cninfo.com.cn; www.hkexnews.hk;
Shenzhen Taizhwan Shangtai Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	capital increase	1,620,346.99	49%	Self-owned funds	-	-	-	Agreement signed	-	No	2018.09.28; 2018.11.24; 2018.12.01	www.cninfo.com.cn; www.hkexnews.hk;
Shenzhen Shangqi Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	capital increase	2,551,180.60	51%	Self-owned funds	-	-	-	Completed	-	No	2018.09.28; 2018.11.24; 2018.12.01	www.cninfo.com.cn; www.hkexnews.hk;
Shenzhen Leyi Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	capital increase	599,918.42	51%	Self-owned funds	-	-	-	Completed	-	No	2018.09.28; 2018.11.24; 2018.12.01	www.cninfo.com.cn; www.hkexnews.hk;

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****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 recognised 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	177,020	1,026	-	-	-	-	186,613	Financial assets held for trading	Self-owned fund
H Share	368	Sinotrans Shipping H	20,742	At fair value	4,985	1,774	-	-	-	-	7,063	Financial assets held for trading	Self-owned fund
Other securities investments held at the end of the Reporting Period			-	--	1,298	-	-	-	1,337	32	-		
Total			149,331	--	183,303	2,800	-	-	1,337	32	193,676		
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%	2,415	-	(1,721)	Investments in other equity instruments	Share acquisition
HKEX: 00697	Shougang Concord International	182,212	1,047,931	5.27%	180,884	-	(17,730)	Investments in other equity instruments	Share acquisition
HKEX: 206	TSC Offshore Group Limited	167,591	92,800	13.12%	202,236	-	-	Long-term equity investments	Share acquisition

## Chapter V

### Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

#### (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	Foreign exchange forward contract	-	2018/3/29	2019/12/16	314,821	-	-	-	4,056,157	10.87%	(1,413)
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange option contract	-	2017/5/24	2019/9/17	270,588	-	-	-	3,868,222	10.37%	1,193
Standard Chartered, Deutsche Bank and other banks	Nil	No	Interest rate swap contract	-	2014/4/1	2021/6/28	9,491,309	-	-	-	11,792,942	31.61%	(9,734)
Standard Chartered	Nil	No	Currency swap contract	-	2018/8/14	2019/12/6	65,359	-	-	-	69,870	0.19%	1,184
<b>Total</b>				-	-	-	10,142,077	-	-	-	19,787,191	53.04%	(8,770)
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 2018, the derivative financial instruments held by the Group were mainly foreign exchange forwards, interest rate swap, foreign exchange options and currency swap 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. From January to December 2018, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(8,770,000). Fair values of the derivative financial instruments of the Group were determined based on market price quotations from external financial institutions.									
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 2018, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(8,770,000). 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

## Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

### 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	19,970	15,853,354	6,545,794	13,051,651	1,098,087	782,450
South CIMC	Subsidiary	Manufacturing, repairing and selling containers, container storage business	137,699	5,319,688	3,217,198	3,656	3,912,146	2,968,151
CIMC Vehicles (Note)	Subsidiary	Road transport vehicle business	1,500,000	16,560,642	7,947,709	24,168,174	1,621,379	1,232,002

Note: CIMC Enric is a company listed on the Hong Kong Stock Exchange, the financial data in the above table is extracted from the 2018 results announcement of CIMC Enric; CIMC Vehicles is currently preparing for listing on the Hong Kong Stock Exchange, the financial data in the above table is extracted from the prospectus of CIMC Vehicles.

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
CFE	Reverse takeover	After the completion of the acquisition, it will help to bring into play the management and control advantages of the management of the Group's airport segment, and integrate the core competitiveness of core businesses, such as airport facilities equipment, fire protection and rescue equipment, and logistics equipment.
Dalian CIMC Railway Equipment Co., Ltd.	Disposal of shareholding	No material impact
Beijing CIMC Vehicles Logistics Equipment Co., Ltd.	Disposal of shareholding	No material impact
Dongguan Zhengyi Investment Co., Ltd.	Acquisition of shareholding	No material impact
Jiangsu Baojing Auto Parts Co., Ltd.	Acquisition of shareholding	No material impact



## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****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
16 January 2018	Office of the Company	Field research	Institution	China Merchants Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
23 January 2018	Office of the Company	Field research	Institution	Huajin Securities	Same as above
29 January 2018	Office of the Company	Field research	Institution	Huatai Securities, Qianhai Life Insurance, Shenzhoumu Fund, Wanshan Capital, Shengwei Investment	Same as above
31 January 2018	Office of the Company	Tele conferencing	Institution	Zhongtai Securities	Same as above
6 February 2018	Office of the Company	Field research	Institution	Changjiang Securities	Same as above
7 February 2018	Office of the Company	Field research	Institution	Haitong Securities, Huaxia Fund	Same as above
5 March 2018	Office of the Company	Tele conferencing	Institution	Value Partner	Same as above
28 March 2018	Office of the Company	Results press conference	Institution and individual	China Merchants Securities, Huatai Securities, CITIC Securities, Haitong Securities, Tencent Securities, CICC, Founder Securities, New Times Securities, Soochow Securities, Huajin Securities, Guoxin Securities, Shenwan Hongyuan, Pacific Securities, Huachuang Securities, Guojin Securities, Everbright Securities, Wanshan Capital, Penghua Fund, GF Securities, Changjiang Securities, Huaxia Fund	2017 results

## Chapter V

### Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
29 March 2018	Office of the Company	Tele conferencing	Institution	Essence Securities, etc.	2017 results
17 May 2018	Office of the Company	Tele conferencing	Institution	Cinda Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
25 June 2018	Office of the Company	Tele conferencing	Institution	BlackRock Asset Management	Same as above
13 July 2018	Office of the Company	Tele conferencing	Institution	Huaxia Fund	Same as above
26 July 2018	Office of the Company	Tele conferencing	Institution	Overlook Investment, Morgan Stanley	Same as above
29 August 2018	Office of the Company	Results press conference	Institution and individual	Essence Securities, Tebon Securities, Orient Assets, Sealand Securities, Guosen Securities, Guoyuan Securities, Haitong Securities, Southern Fund, Shenwan Hongyuan, TF Securities, CITIC Securities, Industrial Securities, CICC, Zhongtai Securities, Guosen Securities, Hua Chuang Securities	2018 interim results
6 September 2018	Shenzhen	Field research	Institution	UBS and its customers	Visiting our eastern factory and consult the container industry and the Company
19 November 2018	Office of the Company	Tele conferencing	Institution	Taiwan Prudential	Principal business conditions, investment progress, recent industrial developments and industry outlook
20 November 2018	Office of the Company	Tele conferencing	Institution	Morgan Stanley	Same as above
27 November 2018	Office of the Company	Tele conferencing	Institution	Galaxy Securities	Same as above
Number of reception					18
Number of organisations received					18
Number of individuals received					2
Number of other parties received					0
Whether disclosed any undisclosed major information					No



---

# ROAD TRANSPORTATION VEHICLE BUSINESS





CIMC 中集

CIMC 中集



## 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

In 2018, the Group recorded revenue of RMB93,497.622 million (2017: RMB76,299.930 million) and profit attributable to Shareholders and other equity holders of the Company of RMB3,380.436 million (2017: RMB2,509.242 million), representing a year-on-year increase of 22.54% and 34.72%, 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. 49 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### Cost of Sales

During the Reporting Period, the Group has implemented the New Revenue Standard, the freight charges in costs of sales during the Reporting Period was reclassified to operating costs according to the New Revenue Standard, and the freight charges recognised in the costs of sales in 2017 does not need to be adjusted. 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. 49 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this Report.

### Gross Profit Margin and Profitability

The overall gross profit margin of the Group in 2018 was 14.88%, lower than the same period last year. Among all segments, the industrial city development segment saw

an increase in their gross profit margins; energy, chemical and liquid food equipment, heavy trucks and airport facilities equipment remained basically stable; while those of containers, road transportation vehicles, offshore engineering, logistics service and financial segments 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	2018		2017	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
Container	2,963,421	9.40%	3,901,500	15.58%
Road transportation vehicle	3,404,709	13.95%	3,581,717	18.35%
Energy, chemical and liquid food equipment	2,667,393	18.83%	2,198,743	18.56%
Offshore engineering	(251,506)	(10.33%)	(32,719)	(1.32%)
Airport facilities equipment	894,192	19.14%	749,391	20.84%
Logistics service	727,732	8.43%	789,197	9.63%
Financial business	857,102	40.96%	1,444,348	61.71%
Industrial city development	1,372,963	47.45%	424,836	42.20%
Heavy truck	166,656	6.70%	132,473	5.16%
Others	303,636	7.18%	186,215	5.97%
Combined offset	804,916	-	631,514	-
<b>Total</b>	<b>13,911,214</b>	<b>14.88%</b>	<b>14,007,215</b>	<b>18.36%</b>



## Chapter VI

**Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules****Sales Costs, Management Expenses, Research and Development Expenses and Finance Expenses**

For details of the research and development expenses, sales costs, management expenses and finance 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. 51, 52, 53 and 54 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 RMB374.891 million (the same period of last year: RMB622.421 million), representing a year-on-year decrease of 39.77%, mainly due to the relocation compensation payment for the Prince Bay project included in the data for the same period last year. For details, please refer to note IV. 62 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 totalling RMB2,819.708 million (the same period of last year: RMB880.764 million), representing a year-on-year increase of 220.14%, mainly due to the large provision for impairment of offshore engineering assets made by the Group during the Reporting Period. For details, please refer to note IV. 25 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 RMB2,615.103 million (the same period of last year: RMB1,250.826 million), representing a year-on-year increase of 109.07%, mainly due to the corresponding income tax provision made for the Qianhai project and the reservation and acquisition and relocation compensation payment for the Qingdao land during the Reporting Period. For details, please refer to note IV. 64 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

**Profit Attributable to Minority Shareholders**

In 2018, the Group’s profit attributable to minority Shareholders amounted to RMB688.019 million (the same period of last year: RMB649.173 million), representing a year-on-year increase of 5.98%.

**Liquidity and Financial Resources**

The Group’s cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2018, the Group’s cash at bank and on hand amounted to RMB9,729.152 million (31 December 2017: RMB5,596.314 million), representing a year-on-year increase of 73.85%, mainly due to the newly merged Prince Bay project company at the end of 2018. 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. 66 and IV. 67 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.

## Chapter VI

**Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules****Bank Loans and Other Borrowings**

As at 31 December 2018, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings, debentures payable and other current liabilities (issuance of super & short-term commercial papers/commercial papers) in aggregate amounted to RMB62,267.518 million (31 December 2017: RMB52,014.876 million). Details of bank loans and other borrowings of the Group as at 31 December 2018 are set out in note IV. 27, 36, 37, 38 and 39 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

Unit: RMB thousand

	As at 31 December 2018	As at 31 December 2017
Short-term borrowings	19,898,221	15,317,347
Non-current borrowings due within one year	5,593,749	3,982,626
Debentures payable due within one year	7,986,500	–
Long-term borrowings	25,769,773	24,140,168
Debentures payable	2,019,275	7,986,500
Other current liabilities (issuance of super & short-term commercial papers/commercial papers)	1,000,000	588,235
<b>Total</b>	<b>62,267,518</b>	<b>52,014,876</b>

Interest capitalised by the Group in 2018 was RMB674.502 million (2017: RMB517.890 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 2018, the Group's bank borrowings included fixed-rate borrowings of approximately RMB15,151.592 million (31 December 2017: approximately RMB8,728.021 million) and floating-rate borrowings of approximately RMB36,110.151 million (31 December 2017: approximately RMB34,712.120 million). The long-term borrowings are mainly expired within 5 years. For details, please refer to note IV. 27, 36, 38 and note XIV. 3 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" in this report.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2018, the remaining fixed-rate bonds issued by the Group amounted to RMB10,005.775 million (31 December 2017: RMB7,986.500 million), the maturity date of bonds is mainly distributed in one to three years. For details, please refer to note IV. 36, 39 and note XIV. 3 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

### Other Equity Instruments

Unit: RMB thousand

	31 December 2017	Issued in the year	Interest-bearing at face 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 Hai Yun Ji Zhuang MTN002	–	1,987,264	18,901	–	–	2,006,165
18 Renewable corporate bond (Tranche I)	–	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

	31 December 2016	Interest-bearing at face value	Payment in the year	31 December 2017
15 CIMC MTN001	2,049,035	87,808	(103,800)	2,033,043

On 16 June 2015, the Company issued an unsecured perpetual debt with amount of RMB2 billion at par ("15 CIMC MTN001"). The net amount after deducting the issue fee was RMB1,981,143,000. The equity instrument is issued for general corporate finance purposes. The first three interest-bearing years of the equity instrument is accrued at an interest rate of 5.19% per annum and are paid annually from 16 June 2016 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every 3 years. The equity instrument have no fixed expiry dates and may be redeemed by the Company on or after 16 June 2018 at their principal, together with a payment of any accrued, unpaid or deferred interest. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or make any other payment to securities that are inferior to the medium term notes. The perpetual debt has been paid with the principal and interest by the Company on 19 June 2018, and there was no balance at the end of the period.

On 24 October 2018, the Company issued an unsecured perpetual debt with amount of RMB2 billion at par ("18 Hai Yun Ji Zhuang MTN002"). The net amount after deducting the issue fee was RMB1,987,264,000. The equity instrument is issued for general corporate finance purposes. The first three interest-bearing years of the equity instrument is accrued at an interest rate of 5.17% per annum 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 3 years. The equity instrument have no fixed expiry dates and may be redeemed by the Company on or after 26 October 2021 at their principal, together with a payment of any accrued, unpaid or deferred interest for every 3 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.

## Chapter VI

### Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules

On 4 December 2018, the Company issued an unsecured perpetual debt with amount of RMB2 billion at face value ("18 renewable corporate bond (Tranche I)"). The net amount after deducting the issue fee was RMB1,994,340,000. The equity instrument is issued for general corporate finance purposes. The first three interest-bearing years of the equity instrument is accrued at an interest rate of 4.85% per annum 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 3 years. The equity instrument have no fixed expiry dates and may be redeemed by the Company on or after 5 December 2021 at their nominal value, together with a payment of any accrued, unpaid or deferred interest for every 3 interest-bearing years.

#### Capital Structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2018, the Group's equity interests attributable to shareholders amounted to RMB52,402.988 million (31 December 2017: RMB43,237.434 million); the total liabilities amounted to RMB106,480.975 million (31 December 2017: RMB87,366.945 million) and the total assets amounted to RMB158,883.963 million (31 December 2017: RMB130,604.379 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 2018, the gearing ratio of the Group was 67.02% (31 December 2017: 66.89%), representing a year-on-year increase of 0.13%. The Group is committed to maintain 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 "V. Investments" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 3 and 28 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****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 minimise the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. As at 31 December 2018, the Group held 20 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of approximately USD1,718.232 million, which will be expired from 1 January 2019 to 28 June 2021, respectively. As at 31 December 2018, the fair value of the interest rate swap contracts of the Group amounted to RMB332.274 million. Transaction costs on realisation have not been considered when calculating the fair value. For details, please refer to note IV. 2, 3 and 28 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 2018, the Group had capital expenditure commitments of approximately RMB2,010.583 million (31 December 2017: RMB142.718 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.

**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 2018, please refer to note IV. 16 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 2018, restricted assets of the Group amounted to a total of RMB9,741.784 million (31 December 2017: RMB9,815.725 million). For details of the Group’s pledge of assets, please refer to note IV. 26 to “Chapter XIV Financial Statements Prepared in Accordance with CASBE” in this Report.

**Significant Investments and Major Acquisitions and Disposals Relating to Subsidiaries and Associated Companies**

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

## Chapter VI

### Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules

#### 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 RMB8.380 billion in 2019, 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.

#### Use of Proceeds

On 23 April 2018, CIMC Tianda, a subsidiary of the Group, issued the convertible bonds with a nominal amount of RMB2,093,133,000 as part of the consideration for the share swap agreement. Please refer to note IV. 39 to "Chapter XIV Financial Statements Prepared in Accordance with CASBE" for details.

#### Contingent Liabilities

As at 31 December 2018, the Group had no contingent liabilities (31 December 2017: approximately RMB125.286 million).

#### Employees and Remuneration Policies

As at 31 December 2018, there were approximately 51,253 employees of the Group (31 December 2017: approximately 50,689 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 RMB8,839.348 million (2017: approximately RMB7,402.385 million). For details, please refer to note IV. 55 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 recognise 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.

## Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules

### 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.

### 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 organisation. 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 capitalised in costs of related assets. For details, please refer to note II. 24 and note IV. 55 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.

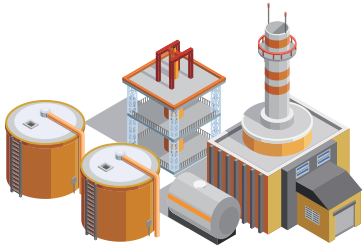
### Market Risks

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.

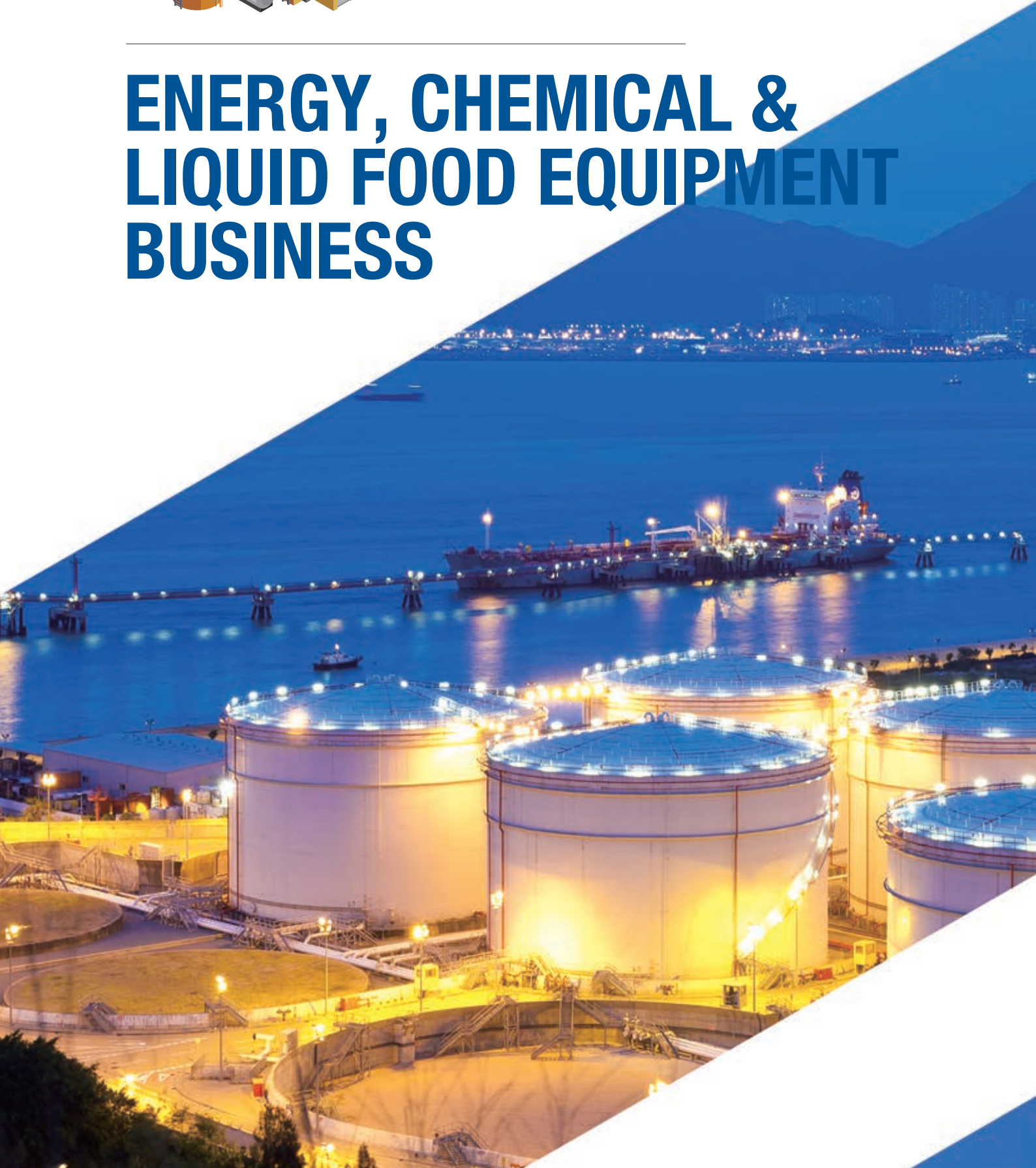
### Dividend Distribution

Based on the Group’s 2018 operating results and taking into account the Group’s overall financial position and cash flows, the Board recommended a final dividend of RMB5.5 for every 10 shares (including applicable taxes) for the year of 2018, no bonus shares will be 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. The proposed dividend is expected to be payable on or around 30 June 2019. The proposed distribution plan of the final dividend of 2018 is subject to the shareholders’ approval at the forthcoming annual general meeting of the Company for the year of 2018.





# ENERGY, CHEMICAL & LIQUID FOOD EQUIPMENT BUSINESS







## Chapter VII

# Report of the Supervisory Committee

Dear Shareholders,

During the year of 2018, 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 2018 of the 8th session	2018.03.08	Zhang Mingwen Wang Hongyuan Xiong Bo	Resolution on Termination of the Non-Public Issuance of A Shares and Applying for Withdrawal of Relevant Application Documents	Audit opinion on the termination of the non-public issuance of A shares and applying for withdrawal of relevant application documents	www.cninfo.com.cn www.hkexnews.hk	2018.03.09
The 2nd meeting in 2018 of the 8th session	2018.03.27	Zhang Mingwen Wang Hongyuan Xiong Bo	<ol style="list-style-type: none"> <li>Proposal regarding the "2017 Report of the Operation of the Supervisory Committee";</li> <li>Proposal regarding the 2017 Annual Report;</li> <li>Proposal regarding the profit distribution and dividend payment plan for 2017;</li> <li>Proposal regarding the execution of ordinary related-party transactions/ continuing connected transaction in 2017;</li> <li>Proposal regarding the 2017 Special Report on the Deposit and Actual Use of Raised Proceeds;</li> <li>Proposal regarding the provision for impairment of assets for 2017;</li> <li>Proposal regarding the execution of new Accounting Standards for Business Enterprises;</li> <li>Proposal regarding the Self-assessment Report on CIMC's Internal Control for 2017;</li> </ol>	<p>Audit opinion on the issues on the 2nd meeting in 2018</p> <p>Opinion on the execution of ordinary connected transactions/continuing connected transactions between the Company and COSCO Shipping Development of 2017</p>	www.cninfo.com.cn www.hkexnews.hk	2018.03.27

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 3rd meeting in 2018 of the 8th session	2018.04.27	Zhang Mingwen Wang Hongyuan Xiong Bo	Proposal regarding the first quarterly report of 2018	Audit opinion on the first quarterly report of 2018	www.cninfo.com.cn www.hkexnews.hk	-
The 4th meeting in 2018 of the 8th session	2018.08.28	Zhang Mingwen Wang Hongyuan Xiong Bo	Proposal regarding the 2018 interim report	Audit opinion on the 2018 interim report	www.cninfo.com.cn www.hkexnews.hk	-
The 5th meeting in 2018 of the 8th session	2018.09.06	Zhang Mingwen Wang Hongyuan Xiong Bo	1. Proposal Regarding the Company' s Satisfaction of the Conditions for Public Issuance of Corporate Bonds to Qualified Investors 2. Proposal Regarding the Plan of the Company in respect of Public Issuance of Corporate Bonds to Qualified Investors	Resolution in respect of Public Issuance of Corporate Bonds to Qualified Investors	www.cninfo.com.cn www.hkexnews.hk	2018.09.07
The 6th meeting in 2018 of the 8th session	2018.10.26	Zhang Mingwen Wang Hongyuan Xiong Bo	Proposal regarding the nomination by-election of Mr. Lin Feng (林鋒) as a Supervisor representing shareholders of the Eighth Session of the Supervisory Committee	The resolution in relation to the nomination by-election Of Mr. Lin Feng (林鋒) as a Supervisor representing shareholders of the Eighth Session of the Supervisory Committee	www.cninfo.com.cn www.hkexnews.hk	2018.10.26
The 7th meeting in 2018 of the 8th session	2018.10.29	Zhang Mingwen Wang Hongyuan Xiong Bo	Proposal regarding the third quarterly report of 2018	Audit opinion on the third quarterly report of 2018	www.cninfo.com.cn www.hkexnews.hk	-
The 8th meeting in 2018 of the 8th session	2018.11.12	Lin Feng Wang Hongyuan Xiong Bo	Mr. Lin Feng (林鋒), a supervisor, is elected as the chairman of the eighth session of the Supervisory Committee of the Company	Resolution in relation to the election of the chairman of the Supervisory Committee	www.cninfo.com.cn www.hkexnews.hk	2018.11.12

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.

## Chapter VII

**Report of the Supervisory Committee****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.

**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.

**Report of the Supervisory Committee****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 together with its subsidiaries and associates 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 ZHANG Mingwen (張銘文) has abstained from voting on the above resolution due to his service in COSCO SHIPPING Development and its associated companies.)

**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 2018 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 2019

## 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 fulfil their duties and play their roles:	Yes
Were the minority Shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected:	Yes
Were conditions and procedures legal and transparent in respect of the cash dividend policy with adjustments or changes:	Yes

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

## Chapter VIII Significant Events

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 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, no bonus shares will be 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. If calculated based on the total share capital of 2,984,988,936 shares of the Company as at 31 December 2018, it is expected that a total dividend of RMB1,641.744 million will be distributed. The proposed dividend is expected to be payable on or around 30 June 2019. The annual dividend-distribution plan for 2018 shall be submitted to the Company's annual general meeting for consideration and approval.
- 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 share was converted from reserves into share capital.
- The dividend payment plan for the year of 2016: based on the total share capital of the Company as at the dividend payment record date for the year of 2016, we distributed RMB0.6 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB179.837 million, no bonus shares were issued, and no share was converted from reserves into share capital.

### 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 net profit attributable to ordinary Shareholders and other equity holders of the Company in the consolidated statements	Amount of cash dividend in other ways	% of cash dividend in other ways
2018 (Proposal)	1,641,744	3,380,436	48.57%	0	0
2017	806,533	2,509,242	32.14%	0	0
2016	179,837	539,660	33.32%	0	0

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. PROPOSAL 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)	5.5
Number of shares converted for every 10 shares (share)	2
Basis of share capital of distribution plan (share)	2,984,988,936
Total cash dividend (RMB thousand) (including tax)	1,641,744
Distributable profit (RMB thousand)	1,108,854
% of cash dividend in total profit distribution	100%

**Description of cash dividend**

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

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

Based on the Group's 2018 operation results and taking into account the Group's overall conditions of financial position and cash flows, the Board recommended a final dividend of RMB5.5 per 10 shares (including applicable taxes) for the year of 2018, no bonus shares will be 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. The proposed distribution plan for the final dividend of 2018 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 (2016 to 2018)	2016/4/8	2016 to 2018	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	RMB15,150,000 (including: the auditing fees amounting to RMB12,950,000 and the auditing fees for the internal control amounting to RMB2,200,000)
Continuing service year of the accountants	7 years
CPA of the accountants	Zhou Weiran, Cai Zhifeng

## 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 2018 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 reorganisation related issues of the Company.

## Chapter VIII Significant Events

### XII. MATERIAL LAWSUITS AND ARBITRATIONS

Applicable     Not Applicable

Please refer to “10” of “XX. Significant Events of Subsidiaries” under “Chapter VIII Significant Events” for the detail of the material lawsuits or arbitrations of the Group.

### 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.

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 27 July 2018, upon the consideration and approval at the eleventh meeting of the eighth session of the Board in 2018 and the implementation of the annual dividend distribution plan of the Company for 2017 on 20 July 2018, the adjusted exercise price for the First and Second Tranche of Share Options is RMB10.22 and RMB15.75, 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](http://www.cninfo.com.cn)), the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) on 13 May 2015, 9 October 2015 and 27 July 2018.

## Chapter VIII Significant Events

In 2018, a total of 2,099,800 options were exercised under the A Share(s) Share Option Incentive Scheme, representing 3.59% of the total options (after adjustment), among which 1,150,800 share options of the First Tranche of Share Options were exercised and 949,000 share options of the Second Tranche of Share Options were exercised. As at 31 December 2018, a total of 26,264,285 options were exercised under the A Share(s) Share Option Incentive Scheme, representing 44.86% 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 2018 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 2018 (share)	Exercisable during the year (share) (note)	Transferred to/from other categories during the year (share)	Granted during the year	Exercised during the year (share)	Lapsed during the year (share)	Balance as at 31 December 2018 (share)		
Director Mai Boliang	2010.9.28	2,850,000	2,850,000	-	-	-	-	2,850,000	10.22	2015.6.2 to 2020.9.27
Other senior management (Total)	2010.9.28	5,310,750	5,310,750	(2,397,000)	-	-	-	2,913,750	10.22	2015.6.2 to 2020.9.27
Other employees	2010.9.28	9,582,090	9,582,090	2,397,000	-	(1,150,800)	-	10,828,290	10.22	2015.6.2 to 2020.9.27
	2011.9.22	3,174,550	3,174,550	-	-	(949,000)	-	2,225,550	15.75	2015.10.24 to 2020.9.27
<b>Total</b>	-	<b>20,917,390</b>	<b>20,917,390</b>	<b>-</b>	<b>-</b>	<b>(2,099,800)</b>	<b>-</b>	<b>18,817,590</b>	<b>-</b>	<b>-</b>

Note: 1. During the Reporting Period, Mr. Liu Xuebin resigned due to physical reason, Mr. Yu Ya and Mr. Zhang Baoqing left office due to the expiration of the term. The 997,000, 650,000 and 750,000 unexercised A share(s) share options held by Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing respectively have been classified into "Other employees".

Apart from disclosed above, none of A share(s) share option has been granted, exercised, lapsed or cancelled during the year ended 31 December 2018.

## 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**"); 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.

## Chapter VIII Significant Events

During the Reporting Period, 3,440,000 share options of the 2009 Enric Share Options, 2,980,000 share options of the 2011 Enric Share Options and 4,890,000 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 2018:

		Number of underlying shares comprised in share options							
		Balance			Transferred		Balance		
		as at	Granted	Exercised	to/from	Lapsed	as at 31	Exercise	
Date of Grant		1 January	during	during	other	during	December	price per	Exercise period
		2018	the year	the year	during	the year	2018	share HK\$	
					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
Jin Jian long (note 1)	2009.11.11	800,000	-	-	(800,000)	-	-	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
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 (note 1)	2009.11.11	250,000	-	-	-	-	250,000	4.00	2010.11.11-2019.11.10
Jin Yong sheng (note 1)	2009.11.11	500,000	-	(500,000)	-	-	-	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



## Chapter VIII Significant Events

		Number of underlying shares comprised in share options								
		Balance	Granted	Exercised	Transferred	Lapsed	Balance	Exercise		
		as at	during	during	to/from	during	as at 31	price per		
		1 January	the year	the year	other	the year	December	share HK\$		
	Date of Grant	2018			categories		2018		Exercise period	
					during					
					the year					
Wong Chun Ho (note 1)	2009.11.11	500,000	-	(500,000)	-	-	-	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	
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	
Employees of CIMC Enric	2009.11.11	8,176,000	-	(1,834,000)	(250,000)	-	6,092,000	4.00	2010.11.11-2019.11.10	
	2011.10.28	18,868,000	-	(3,932,000)	-	-	14,936,000	2.48	2013.10.28-2021.10.27	
Other participants	2014.06.05	27,870,000	-	-	-	(940,000)	26,930,000	11.24	2016.06.05-2024.06.04	
	2009.11.11	6,330,000	-	(580,000)	800,000	-	6,550,000	4.00	2010.11.11-2019.11.10	
	2011.10.28	1,618,000	-	(188,000)	300,000	-	1,730,000	2.48	2013.10.28-2021.10.27	
	2014.06.05	4,750,000	-	-	900,000	(750,000)	4,900,000	11.24	2016.06.05-2024.06.04	
<b>Total</b>	-	<b>76,374,000</b>	<b>-</b>	<b>(8,134,000)</b>	<b>-</b>	<b>(1,690,000)</b>	<b>66,550,000</b>	<b>-</b>	<b>-</b>	

Note 1: Mr. Jin Jianlong retired on 18 May 2018; Mr. Zeng Han was appointed on 18 May 2018; Mr. Jin Yongsheng retired on 29 September 2018; and Mr. Wang Junhao retired on 15 October 2018.

Chapter VIII  
Significant Events

## 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 been exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
Florens Container Investment (SPV) Limited	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	1,249,251	-	-	-	-	-	-	-
Dong Fang International Container (Lianyungang) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	61,993	-	-	-	-	-	-	-
Dong Fang International Container (Guangzhou) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	42,929	-	-	-	-	-	-	-
Dong Fang International Container (Jinzhou) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	31,358	-	-	-	-	-	-	-
Other related parties		Sale of goods	Sale of goods	Regular commercial terms	-	2,733	-	-	-	-	-	-	-
Other related parties		Rendering of services	Rendering of services	Regular commercial terms	-	77,233	-	-	-	-	-	-	-
Other related parties	-	Purchase of goods	Purchase of goods	Regular commercial terms	-	1,802	-	-	-	-	-	-	-
Other related parties	-	Receiving of services	Receiving of services	Regular commercial terms	-	4,452	-	-	-	-	-	-	-
Total					-	1,471,751	-	-	-	-	-	-	-

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 2018, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Group was RMB1,385,531,000, which did not exceed the annual caps for the year ended 31 December 2018 of RMB4.60 billion as agreed in the Supplemental Agreement to the Commodity Sales Framework Agreement signed by both parties on 29 March 2018.

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

N/A

## Chapter VIII

**Significant Events****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

During the Reporting Period, the Company did not have any of claims and liabilities among the connected transactions.

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

Yes     No

During the Reporting Period, the Company did not have any of non-operating claims and liabilities among the connected transactions.

**5. Other Material Connected Transactions**

Applicable     Not Applicable

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

<b>Name of temporary announcement</b>	<b>Disclosure date of Temporary announcement</b>	<b>Disclosure site of temporary announcement</b>
Announcement regarding the Disposal of Equity Interest in an Associate – Shouzhong Investment	12 March 2018	www.cninfo.com.cn; www.hkexnews.hk
Announcement regarding the Acquisition of the Equity of Prince Bay Project Company through the Public Tender by a Subsidiary and the Related Party Transaction	27 September 2018	
Announcement regarding the Subsequent Progress of the Acquisition of the Equity of Prince Bay Project Company through the Public Tender by a Subsidiary and the Related Party Transaction	23 November 2018	
Announcement regarding the Progress of Signing the Agreements of the Acquisition of the Equity of Prince Bay Project Company through the Public Tender by a Subsidiary and the Related Party Transaction	30 November 2018	

Chapter VIII  
**Significant Events**

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

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

### 1. Connected Transactions:

- (1) On 6 November 2018, CIMC Skyspace Real Estate entered into the Cooperation Agreement with Dongguan Country Garden Property Development Co., Ltd.\* (東莞市碧桂園房地產開發有限公司) ("Dongguan Country Garden"), Dongguan Machong Country Garden Property Development Co., Ltd.\* (東莞市麻涌碧桂園房地產開發有限公司) ("Machong Country Garden") and Dongguan Zhengyi Investment Co., Ltd.\* (東莞市正易投資有限公司) ("Dongguan Zhengyi"). Pursuant to the Cooperation Agreement, CIMC Skyspace Real Estate intends to inject an amount of RMB47,619,047 to the capital of Dongguan Zhengyi, a non-wholly-owned subsidiary of Country Garden Holdings Company Limited ("Country Garden"), in order to cooperate with Country Garden on the development of the Tianbao Target Land Parcel project. Upon the completion of the capital injection, CIMC Skyspace Real Estate will hold 70% equity interests in Dongguan Zhengyi and Dongguan Zhengyi will become a non-wholly-owned subsidiary of CIMC Skyspace Real Estate and the Company.

As Country Garden is a substantial Shareholder of CIMC Skyspace Real Estate, a subsidiary of the Company, and holds 25% equity interests in CIMC Skyspace Real Estate, and Dongguan Country Garden and Machong Country Garden are non-wholly-owned subsidiaries of Country Garden, Dongguan Country Garden and Machong Country Garden are connected persons of the Company at the subsidiary level under Rule 14A.07(4) of the Hong Kong Listing Rules. The transactions contemplated under the Cooperation Agreement accordingly constitute the connected transactions of the Company. As the applicable percentage ratios of the connected transactions contemplated under the Cooperation Agreement are more than 1% but are less than 5%, the transactions contemplated under the Cooperation Agreement are subject to the reporting and announcement requirements but are exempt from the circular (containing an opinion from the independent financial advisor) and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules. For relevant information, please refer to the announcements of the Company published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## Chapter VIII

**Significant Events**

- (2) On 30 November 2018, the Company's four subsidiaries, i.e. Shenzhen Jixing Development Co., Ltd.\* (深圳市集星發展有限公司), Shenzhen Jisheng Development Co., Ltd.\* (深圳市集盛發展有限公司), Shenzhen Jiyu Development Co., Ltd.\* (深圳市集宇發展有限公司) and Shenzhen Jida Development Co., Ltd.\* (深圳市集達發展有限公司), successfully acquired equity interests in four subsidiaries of China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("Merchants Shekou"), with the total consideration at RMB6,320,112,820, and entered into agreement (the "Capital Injection").

Merchants Shekou is an indirect non-wholly owned subsidiary of China Merchants Group (holding approximately 24.58% of the Shares of the Company through its indirect subsidiary, CIMC Investment), a substantial Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. The Capital Injection therefore constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in respect of the Capital Injection are more than 5%, but all of the percentage ratios are less than 25%, the transaction is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. A resolution in respect of the matter was considered and passed at the third extraordinary general meeting of the Company held on 12 November 2018, as related parties, China Merchants (CIMC) Investment Limited and its associates have abstained from voting on the relevant resolution. For relevant information, please refer to the announcements of the Company published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

Chapter VIII  
**Significant Events**

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

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 (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.

(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 (the “**Proposed Revision**”). Other terms of the Framework Agreement are not changed.

## Chapter VIII

### Significant Events

- (3) Total transaction amount for 2018:

In 2018, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Group was RMB1,385.531 million, which did not exceed the caps for the year ended 31 December 2018 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 432,171,843 A Shares and 245,842,181 H Shares, accounting for 22.72% 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.



## Chapter VIII Significant Events

(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) Independent non-executive Directors' confirmation:

In relation to the continuing connected transactions/ordinary related-transactions between the Group and COSCO SHIPPING Development and its subsidiaries and associated companies during the Reporting Period, the independent non-executive Directors of the Company have reviewed and confirmed that:

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

## Chapter VIII Significant Events

- (8) Auditor's confirmation:
- (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 provision of commodities or services by the Group, nothing has come to auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
  - (c) Nothing has come to auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the agreements in relation to such transactions.
  - (d) In relation to the total amount of continuing connected transactions set out in the attached table, 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) For the year ended 31 December 2018, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Group was RMB1,385.531 million, not exceeding the annual cap of RMB4.60 billion of the ordinary connected transactions for 2018 as agreed in the Supplementary Agreement to the Commodity Sales Framework Agreement signed by the two parties on 29 March 2018.

### 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.

## **VII. 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.

Chapter VIII  
Significant Events

## (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.

## 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 (Group)	2018.3.28	2,040,000	2018.1.1	881,912	Warrantice	1-2 years	No	No
Customers and dealers of C&C Trucks and its controlling subsidiaries	2018.3.28	1,200,000	2018.1.1	572,427	Warrantice	1-2 years	No	No
Purchasers of commodity houses of CIMC Skyspace Real Estate and its controlling subsidiaries	2018.3.28	2,336,000	2018.1.1	1,073,457	Warrantice	1-2 years	No	No
Customers of CIMC Raffles	2018.3.28	262,630	2018.1.1	163,146	Warrantice	1-2 years	No	No
Customers of CIMC Enric Holdings Limited	2018.3.28	500,000	2018.1.1	0	Warrantice	1-2 years	No	No
Customers of CIMC Modern Logistics Development Co., Ltd.	2018.3.28	100,000	2018.1.1	0	Warrantice	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)			6,438,630		Total actual amount of external guarantees during the Reporting Period (A2)			2,372,091
Total external guarantee facilities approved at the end of the Reporting Period (A3)			6,438,630		Total actual balance of external guarantees at the end of the Reporting Period (A4)			2,690,942

## Chapter VIII Significant Events

The Company's guarantees for subsidiaries								
Name of the guaranteed	Disclosure date of the announcement about 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
Subsidiaries of CIMC	2018.3.28	19,197,480	2018.1.1	9,162,746	Warrantice	1-2 years	No	No
CIMC Fortune Holdings Limited	2018.3.28	35,000,000	2018.1.1	22,113,230	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			54,197,480	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				31,547,488
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			54,197,480	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)				31,275,976

Subsidiaries' guarantees for subsidiaries								
Subsidiaries' guarantees for subsidiaries	Disclosure date of the announcement about 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
Guarantee of one subsidiary for another	2018.3.28	14,271,000	2018.1.1	4,967,881	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			14,271,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				3,315,653
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			14,271,000	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				4,967,881

Total guarantee of the Company (total of the above three items)								
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			74,907,110	Total actual guarantee amount during the Reporting Period (A2+B2+C2)				37,235,232
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			74,907,110	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				38,934,799
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company								104.31%
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)								6,925,943
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)								20,731,525
Total amount of the above three guarantees (D+E+F)								27,657,468
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 guarantee was provided in a combined manner during the Reporting Period.

## Chapter VIII Significant Events

### (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

During the Reporting period, the Company did not engage in any precise poverty-alleviation activity and had no follow-up plan for precise poverty alleviation.

## Chapter VIII Significant Events

### 2. Performance of Other Social Responsibilities

The Company published the 2017 Social Responsibility and Environmental, Social and Governance Report and the 2018 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 2018 and 27 March 2019 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
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd ("SCIMCEL")	Particulate matter	Exhaust pipes	5	Middle side of the factory area	34mg/m <sup>3</sup>	"Emission Standard of Air Pollutants" in Guangdong Province (DB44/27-2001)	73.16 tonnes/year (generation and discharge coefficient)	The EIA approval and the pollutant discharge permit did not involve the total amount of emissions.	Not exceeded
	VOCs	Exhaust pipes	7	Middle side of the factory area	Primer paint: 12.4 mg/m <sup>3</sup> Intermediary Paint: 17.3 mg/m <sup>3</sup> Interior paint: 6.6 mg/m <sup>3</sup> Exterior paint: 12.4 mg/m <sup>3</sup> Black paint: 6.84 mg/m <sup>3</sup> Oast: 20.6 mg/m <sup>3</sup> Pre-treatment: 7.27 mg/m <sup>3</sup>	The Standard stipulating the VOC emission limits of container manufacturing companies operating in Guangdong Province* (廣東省集裝箱製造業揮發性有機物排放標準) (DB44/1837-2016)	188.68 tonnes/year (calculated based on material balance)	The EIA approval and the pollutant discharge permit did not involve the total amount of emissions.	
Nantong CIMC Shunda Containers Co., Ltd. ("NTCIMC")	Particulate matter	Production suspended	Demolished	Sanding Painting	Production suspended	Integrated Emission Standard of Air Pollutants (GB16297-1996)	Production suspended	1.08 tonnes/year	Not exceeded
	Methylbenzene							5.16 tonnes/year	
	Xylene							7.94 tonnes/year	
	Ethyl acetate							1.45 tonnes/year	
	Non-methane							71.78 tonnes/year	
	COD							15,512 tonnes/year	
SS	7,079 tonnes/year								
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. ("NTCIMCS")	Petroleum	Exhaust pipes	1	Full container sanding	4.39 mg/m <sup>3</sup>	Integrated Emission Standard of Air	1.33 tonnes/year	0.0045 tonne/year	Not exceeded
	Ammonia nitrogen							0.912 tonne/year	
	Particulate matter							1.6 tonnes/year	
	Methylbenzene							8.69 tonnes/year	
	Xylene							16.57 tonnes/year	
	Non-methane hydrocarbon							58.88 tonnes/year	
	Ethyl acetate							5.23 tonnes/year	
	COD							2.58 tonnes/year	
	SS							32,797 tonnes/year	
	Petroleum							21,619 tonnes/year	
Ammonia nitrogen	0.001 tonne/year								
Total phosphorus	0.019 tonne/year								
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. ("NTCIMCS")	Particulate matter	Sewage collection pipes	2	Sewage	51 mg/L 10 mg/L < 0.04 mg/L 7.59 mg/L 0.523 mg/L	Former USSR Standard (CH245-71) Integrated Wastewater Discharge Standard (GB8978-1996) Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)	1.08 tonnes/year	2,827 tonnes/year	
	Methylbenzene						0.06 tonne/year		
	Xylene						0.06 tonne/year		
	Non-methane hydrocarbon						0.06 tonne/year		
	Ethyl acetate						0.06 tonne/year		
	COD						0.06 tonne/year		

Chapter VIII  
Significant Events

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
Ningbo CIMC Logistics Equipment Co., Ltd. ("NBCIMC")	Xylene, Non-methane hydrocarbon	Exhaust pipes	7	North, west and middle side of the factory area	23.45mg/m <sup>3</sup>	GB16297-1996 Grade II Standard	103.043 tonnes/year	218.07 tonnes/year	Not exceeded
	Particulate matter		5	North and south side of the factory area	36.64mg/m <sup>3</sup> (average)		35.65 tonnes/year	11.7 tonnes/year	Emission concentration not exceeded
	NOx		2	Middle side of the factory area	19 mg/m <sup>3</sup>		1.01 tonnes/year	1.12 tonnes/year	Not exceeded
	COD	Sewage collection pipes	1	South side of the factory area	149mg/L	GB8978-1996 Grade III Standard	0.552 tonne/year	1.09 tonnes/year	
Qingdao CIMC Reefer Container Manufacture Co., Ltd. ("QDCRC")	Ammonia nitrogen	Exhaust pipes	4		6.98mg/L		0.074 tonne/year	0.109 tonne/year	
	Xylene		4	2 in pre-treatment sandblasting, 1 in adhesive spray and 1 in painting	1.4mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry,	2.06 tonnes/year	28.83 tonnes/year	Not exceeded
	Non-methane hydrocarbon		8	4 in foaming, 2 in pre-treatment sandblasting, 1 in adhesive spray and 1 in painting	1.88mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry,	4.15 tonnes/year	71.95 tonnes/year	
	Particulate matter		16	4 in pre-treatment sandblasting, 2 in pre-treatment spray paint, 1 in adhesive spray, 1 in painting, 4 in container sandblasting and 4 in spay zinc	8.7 mg/m <sup>3</sup>	Regional Air Pollutants Integrated Emission Standard of Shandong Province	32.10 tonnes/year	38.7 tonnes/year	
	Sulfur dioxide		11	2 in boilers and 9 in gas heat exchangers	4mg/m <sup>3</sup>	Regional Air Pollutants Integrated Emission Standard of Shandong Province	0.44 tonne/year	0.8 tonne/year	
	Nitric oxide		11	2 in boilers and 9 in gas heat exchangers	67mg/m <sup>3</sup>	Regional Air Pollutants Integrated Emission Standard of Shandong Province	5.81 tonnes/year	7.02 tonnes/year	
	COD	Sewage collection pipes	2	1 to the west side and 1 to the north side of the factory area	127mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers	8.48 tonnes/year	12.24 tonnes/year	
	Ammonia nitrogen		2	1 to the west side and 1 to the north side of the factory area	6.1 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers	0.41 tonne/year	0.77 tonne/year	



## Chapter VIII Significant Events

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	
Tianjin CIMC Containers Co., Ltd. ("TJICMC")	Sulfur dioxide	Exhaust pipes	10	6 emission outlets in painting workshops and 4 emission outlets in pre-treatment workshops	3 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (DB12/556-2015)	1.137 tonnes/year	2.345 tonnes/year	Not exceeded	
	Nitric oxide				5.78 mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (DB12/556-2015)	5.535 tonnes/year	3.508 tonnes/year	Emission concentration not exceeded	
	VOC				9.65mg/m <sup>3</sup>	Emission Control Standard of Volatile Organic Compounds from Industrial Enterprises (DB12/524-2014)	76.13 tonnes/year	Not approved total emission	Not exceeded	
	Smoke and dust				3.47mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (DB12/556-2015)	2.656 tonnes/year	18.35 tonnes/year		
	General dust			11	9 emission outlets in the first sanding and 2 emission outlets in the second sanding	8.65mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.944 tonnes/year		
	COD	Sewage collection pipes	1	Southwest side of the factory	50.27 mg/L	Integrated Wastewater Discharge Standard (DB12/356-2008)	0 (recycled)	3.28 tonnes/year		
Shanghai CIMC Baowell Industries Co. Ltd ("SBWI")	Ammonia nitrogen	Exhaust pipes	5	South and north side of the factory	2.69 mg/L		0 (recycled)	0.49 tonne/year		
	Particulate matter VOCs	Exhaust pipes	5 4		24.2mg/m <sup>3</sup> zinc-paint: 4.8mg/m <sup>3</sup> exterior paint: 8.08 mg/m <sup>3</sup> intermediary and interior paint: 4.46 mg/m <sup>3</sup> pre-treatment: 9.74 mg/m <sup>3</sup>	Emission Standard of Air Pollutants	577.2 tonnes/year 307.07 tonnes/year	Local emission permit (only approval on total emission of sewage, but not on total emission of exhaust)	Not exceeded	
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. ("SHYSLE")	Particulate matter	Exhaust pipes	6	4 in full container sanding and 2 in pre-treatment	2.46mg/m <sup>3</sup>	Emission Standard of Air Pollutants	1.43 tonnes/year	59.26 tonnes/year	Not exceeded	
	VOCs		3	zinc-paint, intermediary and interior paint, exterior paint	43.7mg/m <sup>3</sup>		206 tonnes/year	258.7 tonnes/year		
	Sulfur dioxide, nitric oxide		1	Industrial boiler	Sulfur dioxide: 1.5 mg/m <sup>3</sup> Nitric oxide: 94 mg/m <sup>3</sup>		Sulfur dioxide: 0.00758 tonnes/year; Nitric oxide: 0.447 tonnes/year	Sulfur dioxide: 0.0081 tonne/year; Nitric oxide: 1.5 tonnes/year		
	Sewage COD, ammonia nitrogen	Bilge well	2	Northwest section of the factory, south side of gate 1 of the factory	COD27: 47mg/L; ammonia nitrogen: 0.399 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers	112592 tonnes/year; COD: 0.0562 tonne/year; ammonia nitrogen: 0.00082 tonne/year	113150 tonnes/year; COD: 0.1383 tonne/year; ammonia nitrogen: 0.0025 tonne/year		

Chapter VIII  
Significant Events

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
Shenzhen CIMC Special Vehicle Co., Ltd. ("CIMCSV")	Exhaust from drying paint, benzene congeners, TVOCs, methylbenzene, xylene	After collection, treated with specialised activated carbon purifiers and emitted through 15-metre tall exhaust pipes	5	Coating workshops	Benzene congeners: 0.21-1.2 mg/m <sup>3</sup> ; Sum of methylbenzene and xylene: 0.1-0.42 mg/m <sup>3</sup> ; TVOCs: 1.01-4.45 mg/m <sup>3</sup>	DB44/816-2010 time slot II limit	Sum of methylbenzene and xylene: 0.272 tonne/year TVOCs: 10.28 tonnes/year	Not approved total emission	Not exceeded
	Sanding exhaust, sand cleaning-out exhaust, particulate matter	Emitted through 15-metre tall exhaust pipes after separation from dust and sand in dust removal filters	1	Coating workshops	60mg/m <sup>3</sup>	DB44/27-2001 time slot II Standard Level 2	Particulate matter: 8.049.6 tonnes/year		
Zhumadian CIMC Huajun Casting Co. Ltd. ("HICAST")	Fume, dust particulate matter	Emitted after collection and filtration in dust removal filters	2	1 emission outlet on 2 production lines respectively	<30mg	<30mg	4.62 tonnes/year	16.43 tonnes/year	Not exceeded
CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. ("XASV")	Wastewater: SS, COD, ammonia nitrogen, petroleum, animal and vegetable oil Exhaust: benzene congeners, non-methane hydrocarbon	Domestic sewage is discharged into municipal wastewater treatment stations; Exhaust is emitted into the atmosphere after water coagulation treatment + pre and medium efficiency filtration + activated carbon adsorption + catalytic combustion	1.1 2.4	1. East side of the factory area 2.1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	1. Wastewater: SS: 11 mg/l; COD: 37 mg/l; ammonia nitrogen: 24.7 mg/l; Petroleum: no found in the fourth quarter; animal and vegetable oil: no found in the fourth quarter; 2. Exhaust: benzene: no found in the fourth quarter; Methylbenzene: 1.6mg/m <sup>3</sup> ; Xylene: 4.75mg/m <sup>3</sup> ; Non-methane hydrocarbon: 2.86mg/m <sup>3</sup> 4. SO2 no found 5. Particulate matter: 5.8mg/m.	1. DB61/224-2011 Standard Level 2 in table 2 of the Integrated Wastewater Discharge Standard for the Yellow River Basin (Shaanxi Section), GB8979-1996 Standard Level 3 in table 4 of the Integrated Wastewater Discharge Standard. 2. 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 Standards of Air Pollutants (GB16297-1996).	1. SS: 0.617 tonne/year; COD: 0.65 tonne/year; ammonia nitrogen: 0.14 tonne/year; Petroleum: 0.0192 tonne/year animal and vegetable oil: 0.00119 tonne/year 2. Benzene: 0.00984 tonne/year; Methylbenzene: 1.962 tonnes/year; Xylene: 5.084 tonne/year; Non-methane hydrocarbon: 4.044 tonnes/year Particulate matter: 0.511 tonne/year	COD: 1.24 tonnes/year; SO2: 6.3 tonnes/year; dust: 1.12 tonnes/year Not approved total Emission for other items	Not exceeded

## Chapter VIII Significant Events

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
Shenzhen CIMC – TianDa Airport Support Ltd. ("TAS")	Exhaust painting, exhaust from drying paint, – benzene congeners, TVOCs, methylbenzene, xylene, particulate matter	After collection, treatment with specific activated carbon purifier and emission through 15-metre tall exhaust pipes	3	Structure welding workshop, paint workshops	Benzene congeners: ① primer and intermediary paint: 0.53mg/m <sup>3</sup> ② Topcoat paint: 0.413mg/m <sup>3</sup> Sum of methylbenzene and xylene: ① Component coating 3.31mg/m <sup>3</sup> ② primer and intermediary paint: 13.5mg/m <sup>3</sup> ③ Topcoat paint: 6.29 mg/m <sup>3</sup> TVOCs: ① Component coating 15.6mg/m <sup>3</sup> ② Primer and intermediary paint: 45.6mg/m <sup>3</sup> ③ Topcoat paint: 27.6mg/m <sup>3</sup> Particulate matter: ① Component spray paint: 7.36 mg/m <sup>3</sup> ② Primer and intermediary paint: 15.2mg/m <sup>3</sup> ③ Topcoat paint: 13.3mg/m <sup>3</sup>	Second standard under time slot II of DB44/21-2001; Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry)	Benzene: 0.318.4 tonne/year; sum of methylbenzene and xylene: 6.373 tonnes/year; TVOCs: 24.460 tonnes/year; Particulate matter: 9.884 tonnes/year.	1,528 million standard cubic metres/year (maximum exhaust emission under the emission permit)	Not exceeded
	Sanding exhaust, sand cleaning-out exhaust – particulate matter	After collection, treatment with specific activated carbon purifier and emission through 15-metre tall exhaust pipes	5	Structure welding workshop, coating workshops	Sanding of components: 10.3 Sanding emission outlet 1#: 15.6 Sanding emission outlet 2#: 11.8 Sand cleaning-out emission outlet 1#: 8.79 Sand cleaning-out emission outlet 2#: 12.3	DB44/21-2001 time slot II Standard Level 2	Particulate matter: 8.659 tonnes/year		
	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 (top of 3-storey building)	Fume emission concentration: 0.68mg/m <sup>3</sup>	DB44/21-2001 time slot II Standard Level 2	0.121 tonne/year		
	Exhaust from backup generator	The generators use 0# light diesel as fuel. Gas combustion will be emitted at high altitude after water bath dust removal process.	1	Backup generator room on the west wing of the office building	Ringelman emittance < 1	DB44/21-2001 time slot II Standard Level 2	Ringelman emittance < 1		

Chapter VIII  
Significant Events

## CONSTRUCTION AND OPERATION OF POLLUTION PREVENTION AND CONTROL FACILITIES

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	<p>Industrial wastewater: 1 set of treatment facilities with designed capacity of 450t/d, industrial wastewater complied with standards after treatment will be reused with no discharge into the environment.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① A total of three sets of VOCs activated carbon adsorption/desorption + water spray + UV photolysis with treatment capacity of 36 thousand m<sup>3</sup>/h, 24 thousand m<sup>3</sup>/h and 32 thousand m<sup>3</sup>/h respectively for pre-treatment, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li>② A total of 1 set of VOCs activated carbon adsorption/desorption + water spray + UV photolysis for coating line primer paint with treatment capacity of 172 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li>③ 1 set of VOCs activated carbon adsorption/desorption + UV photolysis for each of coating line intermediary paint, interior paint, exterior paint, black paint and oasthouse with treatment capacity of 122 thousand m<sup>3</sup>/h, 72 thousand m<sup>3</sup>/h, 182 thousand m<sup>3</sup>/h, 50 thousand m<sup>3</sup>/h and 15 thousand m<sup>3</sup>/h respectively, and emission through 15-metre tall exhaust pipes when complied with standards after treatment.</li> </ul> <p>Hazardous waste: 2 storage warehouses were built for temporary storage, and qualified third party institution was commissioned for transportation and treatment.</p>
Nantong CIMC Shunda Containers Co., Ltd.	<p>Industrial wastewater: Share 1 set of waste water treatment facilities with capacity of 600t/d with Nantong CIMC special Transportation Equipment, and emission when complied with standards after treatment.</p> <p>Industrial exhaust: The company halted production.</p> <p>Hazardous waste: Share hazardous waste warehouses for temporary storage with Nantong CIMC special Transportation Equipment.</p>

Chapter VIII  
**Significant Events**

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	<p>Industrial wastewater: Share 1 set of waste water treatment facilities with capacity of 600t/d with Nantong CIMC Shunda, and emission when complied with standards after treatment.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① 1 set of VOCs activated carbon adsorption + desorption with treatment capacity of 80 thousand m<sup>3</sup>/h for pre-treatment, and emission through 16-metre tall exhaust pipes when complied with standards after treatment;</li> <li>② 1 set of VOCs activated carbon adsorption and desorption with catalytic combustion with treatment capacity of 100 thousand m<sup>3</sup>/h, and emission through 25-metre tall exhaust pipes when complied with standards after treatment;</li> <li>③ 3 sets of VOCs activated carbon adsorption and desorption with treatment capacity of 160 thousand m<sup>3</sup>/h, 160 thousand m<sup>3</sup>/h and 40 thousand m<sup>3</sup>/h respectively, and emission through 16-metre tall exhaust pipes when complied with standards after treatment;</li> <li>④ 4 sets of sanding dust-removing filter with treatment capacity of (33 thousand *4) m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes after treatment;</li> <li>⑤ 2 sets of full container sanding dust-removing filter with treatment capacity of (50 thousand *2) m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes after treatment;</li> <li>⑥ 2 sets of welding dust-removing filter, with treatment capacity of (85 thousand *2) m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes after treatment.</li> </ul> <p>Hazardous waste: Share hazardous waste warehouses for temporary storage with Nantong CIMC Shunda, and commission qualified third party institution for transportation and treatment.</p>

Chapter VIII  
**Significant Events**

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Ningbo CIMC Logistics Equipment Co., Ltd.	<p>Industrial wastewater: 1 set of treatment facilities with treatment capacity of 200t/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.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① 6 sets of coating line water spray organic waste gas treatment facilities with treatment capacity of 545 thousand m<sup>3</sup>/h, and emission through 15-metre (topcoat paint, black paint) or 30-metre (secondary zinc-rich, intermediary paint and interior paint, low-temperature oasthouse and high-temperature oasthouse) tall exhaust pipes when complied with standards after treatment;</li> <li>② 9 sets of sanding dust-removing filters with treatment capacity of 270 thousand m<sup>3</sup>/h for pre-treatment, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li>③ 8 sets of full container sanding dust-removing filters with treatment capacity of 160 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li>④ 2 sets of welding fumes dust-removing filters with treatment capacity of 80 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li>⑤ 1 set of solvent recovery + RTO facilities with treatment capacity of 60,000 m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment.</li> </ul> <p>Hazardous waste: Hazardous waste warehouses for temporary storage were built, and qualified third party institution was commissioned for transportation and treatment.</p>

## Chapter VIII Significant Events

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	<p data-bbox="683 530 1441 659">Industrial wastewater: Spray paint wastewater medicine feeding (PAC, PAM) recycling and reuse treatment facility with treatment capacity of 50t/d. The company commissions external institutions for subsequent treatment with no discharge into the environment.</p> <p data-bbox="683 692 874 724">Industrial exhaust:</p> <ul style="list-style-type: none"> <li data-bbox="683 756 1441 875">① 2 sets of VOCs activated carbon adsorption + RTO facilities with treatment capacity of 20 thousand m<sup>3</sup>/h for pre-treatment, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li data-bbox="683 918 1441 1037">② 1 set of glue spray VOCs activated carbon adsorption + RTO facilities with treatment capacity of 80 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li data-bbox="683 1080 1441 1198">③ 1 set of painting VOCs activated carbon adsorption + RTO facilities with treatment capacity of 120 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li data-bbox="683 1241 1441 1360">④ 4 sets of filter bags dust-removing facilities with treatment capacity of 20 thousand m<sup>3</sup>/h for pre-treatment, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li data-bbox="683 1403 1441 1522">⑤ 4 sets of filter bags dust-removing facilities in container sandblasting with treatment capacity of 80 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment;</li> <li data-bbox="683 1565 1441 1683">⑥ 4 sets of filter bags dust-removing facilities in container zincblasting with treatment capacity of 55 thousand m<sup>3</sup>/h, and emission through 15-metre tall exhaust pipes when complied with standards after treatment.</li> </ul> <p data-bbox="683 1716 1441 1800">Hazardous waste: Hazardous waste warehouses for temporary storage were built, and qualified third party institution was commissioned for transportation and treatment.</p>



Chapter VIII  
**Significant Events**

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Tianjin CIMC Containers Co., Ltd.	<p>Industrial sewage: Treatment facility (1 set) with treatment capacity of 100t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission.</p> <p>Domestic sewage: Treatment facility (1 set) with treatment capacity of 450t/d, part of which is recycled after treatment in compliance with standards, and the remaining sewage are discharged to sewage treatment plant.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① Thick plate pre-treatment VOCs control facilities (1 set): Applied concentrated rotor + RTO facility, with treatment capacity of 54,000 m<sup>3</sup>/h, which is emitted through 20-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>② Thin plate pre-treatment VOCs control facilities (1 set): activated carbon adsorption and desorption + catalytic combustion facilities, with treatment capacity of 20,000 m<sup>3</sup>/h, which is emitted through 30-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>③ Painting VOCs control facilities (3 sets): water scrubber + activated carbon adsorption and desorption + catalytic combustion facilities, with treatment capacity of 420,000 m<sup>3</sup>/h, which is emitted through 30-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>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<sup>3</sup>/h, which is emitted through 15-metre tall exhaust pipes after treatment in compliance with standards.</li> </ul> <p>Hazardous waste: Equipped with hazardous waste storage tanks for temporary storage. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>

## Chapter VIII Significant Events

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Shanghai CIMC Baowell Industries Co. Ltd.	<p>Industrial sewage: Treatment facility (1 set) with treatment capacity of 30t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① Pre-treatment VOCs concentrated rotor +RTO facility (1 set) with treatment capacity of 36,000 m<sup>3</sup>/h, which is emitted through 16.5-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>② Zinc-rich paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 81,000 m<sup>3</sup>/h, which is emitted through 20-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>③ Exterior paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 100,000 m<sup>3</sup>/h, which is emitted through 20-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>④ Intermediary and interior paint VOC activated carbon adsorption + steam desorption + condensation recovery facility (1 set), with treatment capacity of 91,000 m<sup>3</sup>/h, which is emitted through 20-metre tall exhaust pipes after treatment in compliance with standards.</li> </ul> <p>Hazardous waste: Equipped with hazardous waste storage tanks for temporary storage. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	<p>Industrial sewage: Treatment facility (1 set) with treatment capacity of 100t/d, which is recycled after treatment in compliance with standards, and the sewage with no external emission.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① VOCs control facilities (3 sets), spiral water painting mist removal treatment system + filtration + activated carbon adsorption + steam desorption + condensation recovery treatment, a total of 300,000 (Nm<sup>3</sup>/h), which is emitted through 30-metre tall exhaust pipes after treatment in compliance with standards;</li> <li>② Pre-treatment dust control facility (5 sets, in normal use): organised emission through 2 emission outlets (combined);</li> <li>③ second-time sanding dust control facility (4 sets, in normal use): organised emission, 4 emission outlets.</li> </ul> <p>Hazardous waste: Equipped with hazardous waste storage tanks for temporary storage. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>

Chapter VIII  
Significant Events

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
Shenzhen CIMC Special Vehicle Co., Ltd.	<p>Industrial 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 has been dismantled and reported to the environmental protection authority for approval.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① Equipped with 5 sets of spray paint exhaust treatment facilities. The equipment has been dismantled and reported to the environmental protection authority for approval;</li> <li>② Equipped with sanding exhaust treatment devices (1 set). The equipment has been dismantled and reported to the environmental protection authority for approval;</li> <li>③ Equipped with welding fumes control facilities (3 sets). The equipment is currently in normal use;</li> <li>④ Equipped with cooking fume purifier device (1 set). The equipment is currently in normal use.</li> </ul> <p>Hazardous waste: Equipped with 1 temporary hazardous waste storage warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>
Zhumadian CIMC Huajun Casting Co., Ltd.	<p>Industrial sewage: There is no sewage treatment facility as no production wastewater discharged.</p> <p>Domestic wastewater: Equipped with a sedimentation pool, which is in normal use.</p> <p>Industrial exhaust: Applied pulse + bag collectors (exhaust) equipment and facility, and installed automatic online monitoring system.</p> <p>Hazardous waste: Equipped with temporary hazardous waste storage warehouses. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>

## Chapter VIII Significant Events

Name of company or subsidiary	Construction and operation of pollution prevention and control facilities
CIMC-SHAC (Xi'An) Special Vehicle Co., Ltd.	<p>Industrial sewage: Equipped with sewage treatment facility (1 set). The equipment is currently in normal use and under regular maintenance.</p> <p>Industrial exhaust: Equipped with VOCs control facilities (activated carbon adsorption + catalytic combustion), which is currently in normal use. Also equipped with multi-tube parallel welding fumes control facilities and mobile welding fumes treatment equipment, which are currently in normal use.</p> <p>Hazardous waste: Equipped with 2 hazardous waste storage tanks for temporary storage. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>
Shenzhen CIMC-TianDa Airport Support Co., Ltd.	<p>Industrial sewage: 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.</p> <p>Industrial exhaust:</p> <ul style="list-style-type: none"> <li>① Equipped with painting exhaust treatment facilities (3 sets). The equipment is currently in normal use;</li> <li>② Equipped with sanding exhaust treatment devices (2 sets). The equipment is currently in normal use;</li> <li>③ Equipped with sand cleaning-out exhaust treatment devices (1 set). The equipment is currently in normal use;</li> <li>④ Equipped with cooking fume purifier device (1 set). The equipment is currently in normal use;</li> <li>⑤ Equipped with power generator exhaust treatment device (1 set). The equipment is currently in normal use.</li> </ul> <p>Hazardous waste: Equipped with 1 hazardous waste storage tanks for temporary storage. The company commissions qualified third party institutions for transportation and treatment of hazardous waste.</p>

## Chapter VIII Significant Events

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

Environmental impact assessment of construction projects and other environmental protection administrative licensing	Name of relevant subsidiaries
Environmental impact assessment (EIA)	12 critical pollutant dischargers within the Group have prepared EIA and have obtained approval, namely Southern CIMC Eastern Logistics, Nantong CIMC Shunda, Nantong CIMC-Special Transportation, Ningbo CIMC Logistics, Qingdao CIMC Reefer Container, Tianjin CIMC, CIMC Baowell, CIMC Yangshan, Shenzhen CIMC Special Vehicle, Zhumadian CIMC Huajun Casting, CIMC-SHAC (Xi'An) and Shenzhen CIMC TianDa.
Sewage permits	<p>(1) 7 critical pollutant dischargers within the Group have obtained sewage permits: Southern CIMC Eastern Logistics, Nantong CIMC Shunda, Nantong CIMC-Special Transportation, CIMC Baowell, CIMC Yangshan, Shenzhen CIMC Special Vehicle and Shenzhen CIMC TianDa;</p> <p>(2) 5 critical pollutant dischargers within the Group are waiting for sewage permits from the local environmental protection authorities: Ningbo CIMC Logistics, Qingdao CIMC Reefer Container, Tianjin CIMC, Zhumadian CIMC Huajun Casting and CIMC-SHAC (Xi'An).</p>
Other environmental protection administrative licenses	Shenzhen CIMC Special Vehicle: obtained the approval from the Environmental Protection and Water Affairs Bureau of Pingshan District, Shenzhen, agreeing to dismantle the pollution prevention facilities.

### Contingency plans for unexpected environment-related events

The 12 subsidiaries of the Group, including Southern CIMC Eastern Logistics and Nantong CIMC Shunda, have prepared contingency plans for unexpected environment-related events, environmental risk assessment reports and investigation reports for environmental response resources which have been filed with relevant regulatory authorities, and carried out relevant emergency drills at the same time.

### Self-monitoring environmental program

12 critical pollutant dischargers, including Southern CIMC Eastern Logistics, Nantong CIMC Shunda and other subsidiaries of the Company (excluding the critical pollutant dischargers under production suspension: Nantong CIMC Shunda Containers Co., Ltd.) have engaged qualified inspection agencies to carry out regular inspections on exhaust gas, waste water and noise. All relevant standards have been met for each indicator.

## Chapter VIII Significant Events

### Other discloseable environmental information

In 2017, C&C Trucks, a non wholly-owned subsidiary of the Company, was included in the list of critical pollutant dischargers published by the environmental protection authorities in Wuhu, Anhui Province and was regarded as a critical pollutant discharger under the hazardous waste category. C&C Trucks has published the 2017 environmental information in accordance with relevant requirements. In 2018, C&C Trucks is not included in the list of critical pollutant dischargers published by the environmental protection authorities in Wuhu, Anhui Province. 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) (Announcement No.: [CIMC]2018-046) and the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 18 May 2018 .

### Other environment-related information

None

### 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 included in Appendix 27 to the Hong Kong Listing Rules	GRI

Chapter VIII  
**Significant Events**

Detailed description:

1. Whether received environmental management system certification (ISO 14001)	A total of 32 enterprises within the Group obtained environmental management system certifications (ISO 14001), and 6 out of the 12 critical pollutant dischargers were certified.
2. The annual expense in respect of environmental protection (RMB thousand)	In 2018, the Group invested RMB420.470 million in environmental protection, of which the 12 critical pollutant dischargers invested RMB193.140 million.
3. The emissions reduction performance of "exhaust gas, waste water and waste residue"	<p><b>Container segment</b></p> <p>① In exhaust gas treatment: some of our factories upgraded their facilities. For example, in the treatment of VOCs, the more advanced molecular sieve and concentration runner + high temperature oxidation processing has been adopted to improve the processing efficiency of VOCs. Meanwhile, research and development of new technologies, such as the magnet dust removal technology developed for sanding metal particles, has also been applied in order to achieve ultra-low emissions of metal particles.</p> <p>② In productive wastewater treatment: the productive wastewater of most of our factories has been treated by the in-plant sewage stations and then recycled for reuse to achieve zero external discharge. At the same time, we are also developing more environment-friendly and effective technologies for productive wastewater treatment, such as the use of new flocculants, to reduce the sludge generated during the productive wastewater treatment.</p> <p>③ In hazardous waste management: we actively responded to national policy calls and explored ways to achieve the reduction, harmlessness, and resourcization of wastes. For example, some factories added paint residue drying facilities, and the paint residue has been reduced by more than 50% after being dried, and the separated water enters the in-plant sewage stations for compliance treatment. In the future, we will further explore ways to to achieve the reduction, harmlessness, and even resourcization of wastes. For example, we are exploring the possibility of using water-based paint in a loopable package to eliminate the generation of waste paint buckets from the source.</p>

## Chapter VIII Significant Events

---

### Vehicle segment

Through the technical upgrade and equipment transformation, the vehicle segment achieved the three waste emission improvements and ensured the compliance with emission requirements.

- ① Reduce emissions of three wastes through production line upgrade. For example, the demonstrative Dongguan Speciality Vehicle Plant, demonstrative Zhumadian Huaju Vehicle Plant and demonstrative Yangzhou Tonghua Plant adopted the electrophoresis + powdering to replace the traditional coating process, so as to reduce VOCs emission fundamentally, and waste paint residue, waste paint buckets and other hazardous waste have also been greatly reduced at the same time. In wastewater treatment, taking the demonstrative Dongguan Plant as an example, the electrophoresis process produces heavy metal wastewater and non-heavy metal wastewater. After treatment by the sewage station, 60% of the non-heavy metal wastewater can be reused for production, and 40% can be discharged. The heavy metal wastewater, after treatment by the sewage station, can be fully reused, and no external discharge; all these measures effectively saved water resources and reduced sewage discharge.
- ② Ensure compliance with pollutant discharge requirements by upgrading and renovating pollution prevention facilities. For example, Xi'an CIMC adopted the processing route of "dry paint mist filtration + activated carbon adsorption concentration-hot air desorption catalytic combustion" to reduce VOCs emission.

### Energy and chemical segment

- ① In exhaust gas treatment: some enterprises under the segment added VOCs treatment facilities by using mature and stable environmental protection technologies to reduce total emission of VOCs; some enterprises also collected and treated unorganized dust emission, and controlled the dust emission through the collection and treatment of unorganized exhaust gas.
  - ② In wastewater treatment: all enterprises have the wastewater collected and centralized treated. Wastewater can be externally discharged into municipal pipe networks only after reaching the standard. Some enterprises also upgraded the existing water treatment processing to reduce environmental risks.
  - ③ In hazardous waste treatment: all hazardous waste are strictly managed in accordance with the requirements of the state, and qualified institutions are entrusted to dispose of them. Some factories reduced the moisture content in sludge treatment by 30-40% by adding sludge drying facilities and using drying technology, thereby achieving the effect of hazardous waste reduction.
-



## Chapter VIII Significant Events

---

### Offshore engineering segment

The offshore engineering segment attached great importance to the three waste reduction work of its enterprises and included it in the key work.

- ① In early 2018, the segment analyzed environmental monitoring data and internal and external audit issues for the past years, to identify potential high risks in environmental protection, and to develop an annual improvement plan and to promote its implementation.
- ② Yantai Raffles implemented the upgrading of environmental protection equipment in the pretreatment workshop and painting workshop to reduce the emission concentration. The dust emission concentration of the original equipment has been improved from 100 mg/m<sup>3</sup> to 10 mg/m<sup>3</sup>, which met the national 2020 dust emission requirements in advance; the VOCs equipment process has been improved from the original activated carbon adsorption to catalytic combustion, reducing the generation of hazardous waste activated carbon by more than 30%.
- ③ Haiyang Raffles built a new standard hazardous waste warehouse to replace the original hazardous waste storage warehouse, reducing the risk and harm of hazardous waste leakage.

### Airport facilities segment

- ① In exhaust gas treatment: the segment continued to promote equipment upgrades. For example, Xinfra Airport Equipment, an enterprise under the segment, upgraded its exhaust gas emission facilities of the paint production lines in 2018.
  - ② In wastewater treatment: the segment promoted the emission reduction. For example, the painting wastewater of TianDa Airport, an enterprise under the segment, has been recycled and reused, and achieved the zero discharge of industrial wastewater.
  - ③ In dangerous waste treatment: the enterprises under the segment have all been managed according to the requirements of national laws and regulations. All of these enterprises have special waste storage places, all kinds of garbage are clearly marked, and the files for hazardous waste are perfectly maintained.
-

## Chapter VIII Significant Events

---

### Heavy truck segment

In 2018, the heavy truck segment completed 28 environmental improvement projects, including 11 in wastewater, 6 in exhaust gas, 2 in solid waste, and 9 in management:

- ① In wastewater improvement: inspected the pipe network in plant areas, and strictly diverted the rain and sewage; set up intercepting ditches in the decontamination areas of hazardous waste warehouses, discharged wastewater to sewage treatment stations; added dosing and mixing buckets to sludge filter press, to improve the flocculation effect of sludge; renovated the sewage treatment facilities in canteens; and conducted main drainage improvement projects and online monitoring system acceptance;
  - ② In exhaust gas improvement: welding fume is a hazardous waste, which harms the health of employees. In order to improve the harmful welding working environment and to ensure the physical and mental health of welding workers, welding fume purifiers were installed at welding stations; and the exhaust gas collection devices at the assembly line were debugged and activated;
  - ③ In solid waste improvement: standardized management of hazardous waste warehouses has been implemented according to the pollution control standards for hazardous waste storage, and regular inspection, timely improvement, entry and exit system and joint document transfer system for hazardous waste have also been strictly implemented.
-

## Chapter VIII Significant Events

---

### Logistics services segment

In 2018, the logistics segment comprehensively promoted the “water, gas, noise and slag” treatment by taking legal compliance as the main line, and fully implemented the environmental protection facilities investment, environmental monitoring, hazardous waste treatment, emergency plans and sound system by focusing on equipment investment and procedure improvement.

- ① The manufacturing enterprises further improved the waste slag and exhaust gas collection facilities for welding fumes, sanding dust and painting process. These enterprises entered into hazardous waste disposal agreements with professional treatment companies, and made recycling and disposal to hazardous waste materials such as used motor oil and paint buckets.
  - ② The storage yard enterprises added new washing and sewage treatment equipments to realize the recycling of waste water. These enterprises entered into hazardous waste disposal agreements with professional treatment companies, and made recycling and disposal to hazardous waste materials such as used motor oil and paint buckets.
  - ③ The shipping vessels began to fully use light fuel oil, installed with domestic waste and waste water crushing devices, and repaired the exhaust gas discharge devices of engines to achieve full compliance with emission requirements.
- 

## XIX. EXPLANATION ON OTHER SIGNIFICANT EVENTS

1. On 15 January 2018, Ms. Yang Rong, the former general manager of the fund management department, resigned due to personal reasons. As reviewed and approved at the 1st meeting of the eighth session of the Board of the Company in 2018, the Company merged the former financial management department and the fund management department, and Mr. Zeng Han was appointed as the general manager of the combined financial management department. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-003 and [CIMC]2018-004), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 15 January 2018.

## Chapter VIII

**Significant Events**

2. On 9 March 2018, upon the consideration and approval at the 4th meeting in 2018 of the eighth session of the Board, the Company determined to terminate the Non-public Issuance of A Shares approved by the Board and initiated on 8 April 2016, and applied to the CSRC for the withdrawal of the related application documents. On 23 March 2018, the Company received from CSRC the Notice Regarding the CSRC's Administrative Permission on the Application for the Termination of Review (No. [2018]119), the application for the termination of review has been approved by the CSRC. For relevant information, please refer to the relevant announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) ([CIMC]2018-002, [CIMC]2018-013 and [CIMC]2018-021), as well as the relevant announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 11 January 2018, 9 March 2018 and 26 March 2018.
3. On 12 March 2018, upon consideration and approval at the 5th meeting in 2018 of the eighth session of the Board, the Company proposed to issue not more than 343,315,321 overseas listed foreign shares (i.e. H Shares) pursuant to the general mandate as considered and approved at the 2016 annual general meeting convened on 9 June 2017. On 30 August 2018, the Company issued an announcement on the approval reply from the CSRC on the application for the issuance of additional H Shares. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-014, [CIMC]2018-015 and [CIMC]2018-070), as well as the relevant announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 12 March 2018 and 30 August 2018.
4. On 27 March 2018, as reviewed and approved at the 6th meeting in 2018 of the eighth session of the Board, the Company appointed Mr. Gao Xiang as the executive vice president of the Company, appointed Mr. Li Guiping and Mr. Huang Tianhua as the Company's vice presidents, and appointed Mr. Yu Yuqun as the Company's vice president and board secretary/company secretary. Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing, all being former vice presidents of the Company, were transferred as senior consultants of the Company. On 9 August 2018, Mr. Li Guiping resigned due to work reasons. After resigning from the above position, Mr. Li Guiping will remain as the director, CEO and the president of CIMC Vehicles, a controlling subsidiary of the Company. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No. [CIMC]2018-030 and [CIMC]2018-065), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018 and 9 August 2018.
5. On 27 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company prepared its financial statements for 2017 and subsequent period in accordance with the Notice on Amending the Format of Financial Statements for General Enterprises (Cai kuai [2017] No. 30), and adopted the newly revised "Accounting Standards for Business Enterprises No. 14 – Revenue", "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments" and "Interpretation of No. 9-12 of the Accounting Standards for Business Enterprises". 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-026), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018. For details of the relevant effects above, please see "32. Significant changes in accounting policies" of "II. Summary of Significant Accounting Policies and Accounting Estimates" in "Chapter XIV Financial Statements Prepared in Accordance with CASBE".

## Chapter VIII Significant Events

6. On 27 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board, the Company intends to amend part of the Articles of Association and the Rules of Procedure for the General Meetings. On 8 June 2018, the relevant amendments was reviewed and approved at the 2017 annual general meeting of the Company. According to the revision of the Company Law of the People's Republic of China and the Corporate Governance Guidelines for Listed Companies, on 29 November 2018, as considered and approved at the 24th meeting in 2018 of the eighth session of the Board, the Company intends to amend Part of the provisions of the Articles of Association, the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee. On 15 January 2019, the relevant amendments was reviewed and approved at the Company's first extraordinary general meeting of 2019 and the first A/H share class meeting in 2019. According to the Guidelines for Board of Directors and Directors issued by the Hong Kong Stock Exchange in July 2018, on 24 December 2018, as considered at the 26th meeting in 2018 of the eighth session of the Board, the proposed amendments to the Implementation Rules of the Nomination Committee under the Board of Directors and the Implementation Rules for the Audit Committee under the Board of Directors of the Company were approved. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-031, [CIMC]2018-051, [CIMC]2018-111, [CIMC]2018-119 and [CIMC]2019-003), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018, 8 June 2018, 29 November 2018, 24 December 2018 and 15 January 2019.
7. On 27 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board, the Company intends to adjust the allowance for independent non-executive directors from RMB200,000/year to RMB240,000/year from 1 January 2018. On 8 June 2018, the 2017 annual general meeting reviewed and approved the proposal. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-032 and [CIMC]2018-051), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018 and 8 June 2018.
8. On 29 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board, the Company and COSCO SHIPPING Development Co., Ltd. entered into the Supplementary Agreement to the Commodity Sales Framework Agreement, agreeing to increase the annual caps of the 2018 and 2019 ordinary related-party transactions/continuing connected transactions between the two parties to RMB4.60 billion and RMB5.00 billion respectively. On 8 June 2018, the 2017 annual general meeting reviewed and approved the proposal. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2016-071, [CIMC]2018-027, [CIMC]2018-035 and [CIMC]2018-051), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 12 November 2016, 27 March 2018, 29 March 2018 and 8 June 2018.

## Chapter VIII

**Significant Events**

9. On 8 June 2018, the Company considered and approved the Resolution Regarding the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers at the 2017 annual general meeting, among others, which approved the issuance by the Company of medium term notes with a size of not more than RMB6.0 billion, Perpetual Medium Term Notes with a size of RMB4.0 billion and Super & Short-term Commercial Papers with a size of RMB8.0 billion. On 17 October 2018, the issuance of the first tranche of the Medium Term Notes of the Company for 2018 (hereinafter referred as the **"Tranche I Medium Term Notes"**) was completed. The Tranche I Medium Term Notes was issued at par with a size of RMB2.0 billion at a coupon rate of 4.29%. On 2 November 2018, the issuance of the fourth tranche of the Super & Short-term Commercial Papers of the Company for 2018 (hereinafter referred as the **"Tranche IV Super & Short-term Commercial Papers"**) was completed. The Tranche IV Super & Short-term Commercial Papers was issued with a size of RMB1.0 billion at an interest rate of 2.75%. On 26 November 2018, the issuance of the fifth tranche of the Super & Short-term Commercial Papers of the Company for 2018 (hereinafter referred as the **"Tranche V Super & Short-term Commercial Papers"**) was completed. The Tranche V Super & Short-term Commercial Papers was issued with a size of RMB1.0 billion at an interest rate of 3.12% (annualized). 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-051, [CIMC]2018-091, [CIMC]2018-101 and [CIMC]2018-110), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 8 June 2018, 17 October 2018, 5 November 2018 and 26 November 2018.
10. On 31 May 2016, the Resolution Regarding the Registration and Issuance of Medium-Term Notes (including perpetual medium-term notes) and Super & Short-term Commercial Papers in the PRC was approved at the 2015 annual general meeting and the first A/H share class meeting in 2016 of the Company, approving, among others, the issuance by the Company of super & short-term commercial papers with a size of not more than RMB15 billion and perpetual medium-term notes with a size of not more than RMB4 billion. On 20 June 2018, the Company completed the issuance of the first tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred as the **"Tranche I Super & Short-term Commercial Papers"**) with issuance amount of RMB1 billion and annual interest rate of 4.3%. On 3 July 2018, the Company completed the issuance of the second tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred as the **"Tranche II Super & Short-term Commercial Papers"**) with issuance amount of RMB1 billion and annual interest rate of 4.25%. On 11 July 2018, the Company completed the issuance of the third tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred as the **"Tranche III Super & Short-term Commercial Papers"**) with issuance amount of RMB2 billion and annual interest rate of 4.10%. The first tranche and second tranche of super & short-term commercial papers were due on 23 October 2018. The Company has completed the repayment of the first tranche and second tranche of super & short-term commercial papers on the maturity date. Tranche III Super & Short-term Commercial Papers were due on 13 November 2018. The Company has completed the repayment of the third tranche of super & short-term commercial papers on the maturity date. On 26 October 2018, the issuance of the second tranche of the Medium Term Notes of the Company for 2018 (Perpetual Medium Term Notes, hereinafter referred as the **"Tranche II Medium Term Notes"**) was completed. The Tranche II Medium Term Notes was issued at par with a size of RMB2.0 billion and the coupon rate for the first three interest-bearing year shall be 5.17% at the maturity of the redemption agreed upon the Company in accordance with the terms of the issue. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2016-033, [CIMC]2018-054, [CIMC]2018-055, [CIMC]2018-057, [CIMC]2018-093, [CIMC]2018-098 and [CIMC]2018-108), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 31 May 2016, 20 June 2018, 3 July 2018, 11 July 2018, 23 October 2018, 26 October 2018 and 13 November 2018.

## Chapter VIII Significant Events

11. On 8 June 2018, the Resolution Regarding Financial Institutions Facility and Project Guarantee Provided to the Subsidiaries of the Company in 2018 was approved at the 2017 annual general meeting of the Company, agreeing the Company to provide financial institutions facility and project guarantee to the wholly-owned subsidiaries, non-wholly-owned subsidiaries and associated companies of the Company in 2018 and agreeing the subsidiaries of the Company to provide financial institutions facility and project guarantee to their parent company and to their wholly-owned subsidiaries, controlling subsidiaries and associated companies in 2018. Total balance of guarantee in 2018 shall not exceed RMB40 billion (effective for the twelve-month period from the date of the resolution of the 2017 annual general meeting, including guarantees between the Company and its subsidiaries, guarantees provided by subsidiaries to their subsidiaries, external guarantees provided by the Company and its subsidiaries) and the project guarantee limit was RMB35 billion. On 6 September 2018, the 15th meeting in 2018 of the eighth session of the Board considered and approved the Resolution Regarding the Credit Guarantee Provided by CIMC Enric Holdings Limited and its Holding Subsidiaries to their Customers and the Resolution Regarding the Credit Guarantee Provided by CIMC Modern Logistics Development Co., Ltd. and its Holding Subsidiaries to their Customers. Provided that the total guarantee limit for subsidiaries including CIMC Enric and CIMC Modern Logistics Development Co., Ltd. (“**CIMC Logistics**”) considered and approved at the 2017 annual general meeting remains unchanged, it is intended to add the credit guarantees from banks and non-bank financial institutions provided by the two subsidiaries and their holding subsidiaries to their customers in the guarantee list, with an aim to promote the sustainable development of the Company’s business and to achieve a win-win situation between the Company and its distributors and customers. On 26 September 2018, the proposal was considered and approved at the Company’s second extraordinary general meeting in 2018. 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](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-022, [CIMC]2018-028, [CIMC]2018-037, [CIMC]2018-051, [CIMC]2018-075, [CIMC]2018-080 and [CIMC]2018-082), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 March 2018, 29 March 2018, 8 June 2018, 6 September 2018, 21 September 2018 and 26 September 2018.
12. The first redemption date of the 2015 First Tranche of Medium Term Note of the Company was 16 June 2018 (postponed to the next business day as the date falls on festivals or holidays). On 16 June 2015, the Company issued the 2015 First Tranche of Medium Term Note with a size of RMB2.0 billion, a term maturing upon redemption by the issuer at the time as agreed in the issue term, a coupon rate of 5.19% for the preceding three years of interest calculation and a value date that starts from 16 June 2015. The Company has exercised the redemption right of the 2015 First Tranche of Medium Term Note at nominal value plus accrued interest and redeemed bonds held by holders in full on 19 June 2018, i.e. the third interest payment date of such bonds, and thus completing the principal and interest repayment of the 2015 First Tranche of Medium Term Note. 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](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-053), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 19 June 2018.



## Chapter VIII

**Significant Events**

13. On 7 September 2018, in order to further improve the Company's debt structure, broaden the Company's financing channels, meet the Company's capital needs, and reduce the Company's financing costs, the Company issued an announcement for proposed application for public issuance of corporate bonds (including renewable corporate bonds) to qualified investors. The proposal was considered and approved at the second extraordinary general meeting in 2018 on 26 September 2018. On 29 November 2018, the Company published the Issuance Announcement on the Public Offering of Renewable Corporate Bonds (Tranche I) and related prospectus. On 3 December 2018, the Company published the announcement in respect of Book Building Period of Renewable Corporate Bonds (Tranche I). On 4 December 2018, the Company published the Announcement on the Coupon Rate of Renewable Corporate Bonds (Tranche I). On 6 December 2018, the Company published the Announcement on the Results of Offering of Renewable Corporate Bonds (Tranche I). On 27 December 2018, the Company published the Listing Announcement of Offering of Renewable Corporate Bonds (Tranche I). The actual issuance size of the Bonds is RMB2 billion and the final coupon rate is 4.85%. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-074 and [CIMC]2018-082), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 7 September 2018, 26 September 2018, 29 November 2018, 3 December 2018, 4 December 2018, 6 December 2018 and 27 December 2018.
14. On 22 October 2018, the Supervisory Committee of the Company received the written resignation from Mr. Zhang Mingwen, the Chairman of the Supervisory Committee. Mr. Zhang Mingwen has tendered his resignation from the position of the Chairman of the Supervisory Committee of the Company due to the change in work arrangement. Mr. Zhang Mingwen's resignation will result in the total number of supervisors of the Company falling below the minimum quorum; therefore, in accordance with the provisions of the Articles of Association, Mr. Zhang Mingwen's resignation will not come into effect until a new supervisor representing shareholders being elected at the general meeting to fill the vacancy. On 26 October 2018, the eighth session of the Supervisory Committee of the Company considered and approved the Resolution in Regarding the By-election of Mr. Lin Feng as a Supervisor Representing Shareholders of the Eighth Session of the Supervisory Committee at the 6th meeting of 2018, which approved the by-election of Mr. Lin Feng as a supervisor representing shareholders of the eighth session of the Supervisory Committee and proposed the relevant resolution to the general meeting for consideration. On 12 November 2018, this resolution has been considered and approval at the Company's 3rd extraordinary general meeting 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-092, [CIMC]2018-094, [CIMC]2018-095, [CIMC]2018-105 and [CIMC]2018-106), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 22 October 2018, 26 October 2018 and 12 November 2018.



## Chapter VIII Significant Events

15. On 29 November 2018, as considered and approved at the 24th meeting in 2018 of the eighth session of the Board, the general mandate was proposed to the general meeting and to be granted to the Board to repurchase shares, and the executive directors of the Company or their authorized persons were authorized by the Board to handle the matters related to the repurchase. The proposal was reviewed and approved at the Company's first extraordinary general meeting of 2019 and the first A/H share class meeting of 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-111, [CIMC]2018-112 and [CIMC]2019-003), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 29 November 2018 and 15 January 2019.
16. On 30 January 2019, the Company completed the issuance of the Tranche I Super & Short-term Commercial Papers. The proceeds raised from the issuance were fully received on 30 January 2019. The issuance amount was RMB1.5 billion and the issue rate was 2.95% (annualized). 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2019-005), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 30 January 2019.
17. Southern CIMC, a wholly-owned subsidiary of the Company, once entered into the Shenzhen Land Use Right Granting Contract (Shen Di He Zi (2006) No. 0193) as well as the first, second and third supplementary agreements (the "Original Contract") in respect of the land lot of T102-0152 located at Qianhai, Shenzhen. On 9 October 2017, Southern CIMC entered into the Land Preparation Framework Agreement with the Shenzhen UPLRCS and 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 UPLRC and the Qianhai Authority agreed to arrange a land parcel of approximately 57,000 square meters as the site for preliminary project of Southern CIMC, of which approximately 36,000 square meters 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 and Qianhai CIMC Cloud, the wholly-owned subsidiaries of the Company, 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 of the Phase I Land. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2019-007), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 February 2019.

## Chapter VIII Significant Events

### XX. SIGNIFICANT EVENTS OF SUBSIDIARIES

1. On 12 March 2018, upon consideration and approval at the 5th meeting in 2018 of the eighth session of the Board, CIMC Transportation, a wholly-owned subsidiary of the Company, sold 44.94382% equity interest in Shouzhong Investment Management Co., Ltd. to Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of Shougang Concord International Enterprises Company Limited, and Shougang Concord International Enterprises Company Limited shall issue the Consideration Shares to settle the consideration. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-014 and [CIMC]2018-016), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 12 March 2018.
2. On 23 April 2018, the transaction regarding the disposal of Pteris equity by the Group to CFE was completed. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2017-082, [CIMC]2018-009, [CIMC]2018-034 and [CIMC]2018-043), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 4 December 2017, 9 February 2018, 28 March 2018 and 23 April 2018.
3. On 20 July 2018, Shenzhen Southern CIMC Containers Manufacture Co., Ltd., CIMC Logistics, being wholly-owned subsidiaries of the Company, as well as Shenzhen CIMC-TianDa Airport Support Co., Ltd. and CIMC Enric (Jingmen) Energy Equipment Co., Ltd., being non-wholly-owned subsidiaries of the Company, proposed to make capital increase to CIMC Finance Company, a wholly-owned subsidiary of the Company, with a total size of RMB649,464,307.58 (hereinafter referred as "Capital Increase"). The registered capital of CIMC Finance Company is proposed to increase by RMB420,000,000.00 and the remaining portion exceeding the increased registered capital will all be credited to the capital reserve of CIMC Finance Company. Upon consideration and approval at the 10th meeting in 2018 of the eighth session of the Board, it is agreed to approve the Capital Increase and waive the Company's preferential subscription right in relation to the Capital Increase. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-059 and [CIMC]2018-060), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 20 July 2018.

## Chapter VIII Significant Events

4. On 9 August 2018, as considered and approved by the 12th meeting in 2018 of the eighth session of the Board, 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 August 2018, the Company published further announcement on preparations relating to the spin-off and listing of a subsidiary of the Company, CIMC Vehicles, on the Hong Kong Stock Exchange. On 14 September 2018, the Company published an announcement in relation to the plan of restructuring CIMC Vehicles into a joint stock company with limited liability. This proposal was considered and approved at the second extraordinary general meeting in 2018, the first 2018 A Shareholders' class meeting and the first 2018 H Shareholders' class meeting on 26 September 2018. Pursuant to relevant regulatory requirements, CIMC Vehicles received the application acceptance form for administrative licensing from CSRC on 3 December 2018 (acceptance no: 181913). The CSRC reviewed the application materials for the administrative licensing for overseas listing of CIMC Vehicles, it considered that the application materials were complete and decided to accept the application for the administrative licensing. On 21 December 2018, the Company applied to the Hong Kong Stock Exchange for approval of the proposed spin-off of CIMC Vehicles and independent listing on the Main Board of the Hong Kong Stock Exchange in accordance with the Application Guideline 15 of the Listing Rules of the Stock Exchange. The Hong Kong Stock Exchange has confirmed that the Company can continue to carry out the proposed spin-off and listing. On 27 December 2018, CIMC Vehicles submitted a listing application (Form A1) to the Hong Kong Stock Exchange through its sole sponsor, Haitong International Capital Limited, to apply for approval of the listing and dealing of H shares of CIMC Vehicles on the Main Board of the Hong Kong Stock Exchange. On 14 March 2019, CIMC Vehicles received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2019] No. 356) from the CSRC, approving the issuance of overseas listed foreign invested shares by CIMC Vehicles. 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-064, [CIMC]2018-067, [CIMC]2018-078, [CIMC]2018-082, [CIMC]2018-116, [CIMC]2018-118, [CIMC]2018-120 and [CIMC]2019-009, as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 9 August 2018, 14 August 2018, 14 September 2018, 26 September 2018, 4 December 2018, 21 December 2018, 27 December 2018 and 14 March 2019.
5. On 27 September 2018, the Resolution Regarding the Acquiring of Prince Bay Projects through Public Tender by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. was considered and approved at the 17th meeting in 2018 of the eighth session of the Board, which approved the four holding subsidiaries of the Company (hereinafter referred as "Proposed Bid Companies") established jointly by CIMC Skyspace Real Estate, the holding subsidiary of the Company, and CIMC Containers Holdings Co., Limited, a wholly-owned subsidiary of the Company, to bid for a portion of equity interest of four wholly-owned subsidiaries of the related party of the Company, China Merchants Shekou Industrial Zone Holdings Co., Ltd. (hereinafter referred to as the "CMSK"), at a total final bid price of RMB6,320,112,820 by means of capital injection at Beijing Equity Exchange Co., Ltd. respectively. On 12 November 2018, this transaction has been considered and approval at the Company's 3rd extraordinary general meeting in 2018. China Merchants (CIMC) Investment Limited and its affiliates, being connected shareholders, abstained from voting on the relevant resolutions at the extraordinary general meeting. On 23 November 2018, the Company received the "Transaction Signing Notice" issued by Beijing Equity Exchange Co., Ltd. On 30 November 2018, four Proposed Bid Companies entered into capital increase agreements with CMSK and four target companies. On 30 November 2018, the four Proposed Bid Companies signed a capital increase agreement with CMSK and four target companies, 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](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-083, [CIMC]2018-084, [CIMC]2018-105, [CIMC]2018-109 and [CIMC]2018-114), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 September 2018, 12 November 2018, 23 November 2018 and 30 November 2018.

## Chapter VIII

### Significant Events

6. To cater for the construction and development plan of Jiaozhou New Industrial Zone (膠州市產業新區), Qingdao CIMC Reefer Container Manufacture Co., Ltd. and Qingdao CIMC Special Reefer Co., Ltd. (hereinafter collectively referred to as the “**Qingdao Base**”), the wholly-owned subsidiaries of the Company, has entered into the Relocation and Compensation Agreements on Recovery of the State-owned Land Use Rights in Jiaozhou City (《膠州市收回國有土地使用權補償拆遷協議書》) with Jiaozhou Land Reserves Coordination Centre (膠州市土地儲備整理中心) on 21 November 2016 and 4 September 2017 respectively. On 27 July 2018, in order to further supplement and specify the provisions under the previous compensation agreements, the Company entered into the Cooperation Contract on Establishment of the CIMC Hi-tech Cold Chain Industrial Park (Supplemental Agreement III) (《關於建設“中集冷鏈高新產業園” 合作合同(補充協議三)》) (hereinafter collectively referred to as the “**Compensation Agreement**”) with Jiaozhou Municipal People’s Government. According to the Compensation Agreement, Jiaozhou Land Reserves Coordination Centre (膠州市土地儲備整理中心) will compensate the Qingdao Base for the reservation and relocation in monetary form for a total of approximately RMB1.5 billion. On 28 September 2018, the Qingdao Base received reservation and relocation compensation in an amount of approximately RMB591 million. 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]2018-087), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 2 October 2018.
7. On 26 September 2018, Shenzhen CIMC Zhicheng Enterprise Development Co., Ltd. (hereinafter referred as “**CIMC Zhicheng**”), a direct wholly-owned subsidiary of the Company, took part in a bidding in respect of the land use rights of the land parcels of 0208-02, 0209-01, 0210-01, 0213-01, 0214-01, 0215-01, 0219-02 and 0220-02 in Unit 02, Meiluo Home Large Residential Community, Luodian Town, Baoshan District, Shanghai between 17 September 2018 and 26 September 2018 pursuant to the relevant requirements of the Shanghai State-Owned Construction Land Use Right Grant Announcement (Hu Gao Zi [2018] No. 110) and successfully won the bidding at the price of RMB4,101,550,000, and the relevant agreement was signed on 30 September 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]2018-081 and [CIMC]2018-086), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 26 September 2018 and 30 September 2018.
8. On 6 November 2018, the Resolution Regarding the Capital Injection by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. to Dongguan Zhengyi Investment Co., Ltd. and Co-development of Dongguan Tianbao Project was considered and approved at the 20th meeting in 2018 of the eighth session of the Board, which approved the Cooperation Agreement entered into among CIMC Skyspace Real Estate, a holding subsidiary of the Company, Dongguan Country Garden, Mayong Country Garden, and Dongguan Zhengyi. Pursuant to the Cooperation Agreement, CIMC Skyspace Real Estate intends to inject RMB47,619,047 to the capital of Dongguan Zhengyi, a non-wholly-owned subsidiary of Country Garden, in order to cooperate with Country Garden on the development of the Tianbao Target Land Parcel project. Upon the completion of the capital injection, CIMC Skyspace Real Estate will hold 70% equity interests in Dongguan Zhengyi and Dongguan Zhengyi will become a non-wholly-owned subsidiary of CIMC Skyspace Real Estate and the Company. 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]2018-102 and [CIMC]2018-103), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 6 November 2018.

Chapter VIII  
**Significant Events**

9. On 19 December 2018, the Proposal on Participating in the Rights Issue of TSC Group Holdings Limited was considered and approved at the 25th meeting in 2018 of the eighth session of Board, it is agreed that CIMC Hong Kong, a wholly-owned subsidiary of the Company, participate based on its shareholding of 92,800,000 shares in TSC Group Holdings Limited (renamed as CMIC Ocean En-Tech Holding Co., Ltd. on 13 February 2019, hereinafter referred as “**CMIC Ocean En-Tech Holding**”) in the rights issue at a 1:1 ratio, and the subscription price is HK\$0.45 and the subscription amount is HK\$41.76 million. The eighth session of the Board and the independent directors have expressed their independent opinions in this regard. On 24 January 2019, the Group paid a consideration of HK\$41,760,000 and subscribed for 92,800,000 shares of CMIC Ocean En-Tech Holding. 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](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)) (Announcement No.: [CIMC]2018-117 and [CIMC]2019-004), as well as the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 19 December 2018 and 24 January 2019.
  
10. In December 2018, CIMC Enric Investment Holdings (Shenzhen) Co., Ltd. (hereinafter referred as “**Enric Shenzhen**”), a subsidiary of the Company, received a response notice and other relevant litigation materials from the Supreme People’s Court of Jiangsu Province, in which, SOEG PTE LTD requires Enric Shenzhen (1) to pay the remaining amount of RMB153,456,000 for the equity transfer; (2) to undertake the loss of the lawyer’s fee of RMB50,000; and (3) to undertake the litigation costs with respect to the case. The case was accepted by the Supreme People’s Court of Jiangsu Province, and application has been made to the court by Enric Shenzhen for disputing jurisdiction with time of first instance to be determined. As at the end of the Reporting Period, the Group did not prepared to make provision for the above litigation. The above litigation did not cause material and adverse impact on the daily production and operation, financial conditions and debt repayment ability 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](http://www.cninfo.com.cn)) and the Company’s website ([www.cimc.com](http://www.cimc.com)), as well as the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 31 January 2019.

## 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 (+/-)			Sub-total	Post-movement	
	Numbers of shares	Percentage		Bonus issue	Conversion from reserves	Others (Note 1)		Numbers of shares	Percentage
I. Shares with selling restrictions	500,026	0.02%	0	0	0	262,500	262,500	762,526	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	500,026	0.02%	0	0	0	262,500	262,500	762,526	0.03%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	500,026	0.02%	0	0	0	262,500	262,500	762,526	0.03%
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	2,982,389,110	99.98%	2,099,800	0	0	(262,500)	1,837,300	2,984,226,410	99.98%
1. RMB-denominated ordinary shares	1,265,812,501	42.43%	2,099,800	0	0	(262,500)	1,837,300	1,267,649,801	42.47%
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	57.55%	0	0	0	0	0	1,716,576,609	57.51%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	2,982,889,136	100.00%	2,099,800	0	0	0	2,099,800	2,984,988,936	100.00%

Note 1: Mr. Huang Tianhua was appointed as the vice president of the Company on 27 March 2018, holding 450,000 A shares, of which 75% (namely 337,500 shares) were subject to selling restrictions. Mr. Yu Ya, the vice president of the Company, resigned on 27 March 2018. As at the end of the Reporting Period, since Mr. Yu Ya have resigned for six months, the 75,000 shares held by Mr. Yu Ya subject to selling restrictions were all released from selling restrictions

#### Reasons for changes in shares during the Reporting Period:

During the Reporting Period, 1,150,800 options were exercised during the second exercisable period for the First Tranche of Share Option Incentive Scheme, and 949,000 options were exercised during the second exercisable period for the Second Tranche of Share Option Incentive Scheme. 2,099,800 options were exercised in aggregate.

## Chapter IX

**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

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 ordinary Shareholders of the Company of the previous year or latest period

Applicable     Not applicable

Unit: RMB/share

	Item	Pre-movement in shares	Post-movement in shares
2018	Basic earnings per share	1.11	1.11
	Diluted earnings per share	1.10	1.10
	Net assets per share attributable to ordinary Shareholders of the Company	12.49	12.50

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

Applicable     Not applicable



## Chapter IX

**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	0	371,026	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Liu Xuebin (Note 2)	54,000	0	0	54,000	Same as above	Nil
Huang Tianhua (Note 3)	0	0	337,500	337,500	Same as above	Nil
Yu Ya (Note 4)	75,000	(75,000)	0	0	-	27 September 2018
<b>Total</b>	<b>500,026</b>	<b>(75,000)</b>	<b>337,500</b>	<b>762,526</b>	<b>-</b>	<b>-</b>

Note 1: 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, the Company's CEO and president Mr. Mai Boliang holds 371,026 shares subject to selling restrictions attributable to executives and there were not changes in this respect.

Note 2: The Company's vice president Mr. Liu Xuebin resigned on 27 March 2018, due to his resignation before expiration of his term, his shares with selling restrictions will continue to be subject to such restrictions for six months after the expiration of his previous term.

Note 3: Mr. Huang Tianhua was appointed as the vice president of the Company on 27 March 2018, holding 450,000 A shares, of which 75% (namely 337,500 shares) were subject to selling restrictions.

Note 4: The Company's vice president Mr. Yu Ya resigned on 27 March 2018. As at the end of the Reporting Period, Mr. Yu Ya has resigned for more than six months, therefore his 75,000 shares subject to selling restriction were all released from trading restrictions.



**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 2,099,800 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

## Chapter IX

**Changes in Share Capital and Information on Shareholders****4. Non-public Issuance of A Shares Plan**

On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016 of the Company, the Company proposed to issue no more than 386,263,593 new A Shares (including 386,263,593 shares) at no less than RMB13.86 per share to no more than 10 qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions, with gross proceeds not exceeding RMB6.0 billion (hereinafter referred as "Non-public Issuance of A Shares"). The Non-public Issuance of A Shares was considered and approved at the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting of the Company on 31 May 2016. The Company submitted its application for the non-public issuance of A Shares to the CSRC on 30 September 2016 and received the "CSRC's Acceptance Notice of the Application for Administrative Permission\*" (No. 162937) (《中國證監會行政許可申請受理通知書》(162937號)) and the "Notice regarding CSRC's Feedback on the Review of Administrative Permission Items\*" (No.162937) (《中國證監會行政許可項目審查反饋意見通知書》(162937號)) issued by the CSRC on 14 October 2016 and 21 November 2016. Considering that certain matters in the feedback still need to be resolved, the Company applied to the CSRC to cancel it on 17 January 2017. Upon consideration and approval at the 2016 annual general meeting, the first 2017 A Shareholders' class meeting and the first 2017 H Shareholders' class meeting on 9 June 2017, the Company revised its issuance proposal for the Non-public Offering of A Shares and extended the validity period of the resolution by the shareholders' general meeting as well as the validity period of the mandate for the Board. The Company received the "CSRC's Notice Regarding Resuming Its Review of the Application for Administrative Permission\*" (No. 162937) (《中國證監會行政許可申請恢復審查通知書》(162937號)) issued by the CSRC on 18 December 2017, pursuant to which the CSRC determined to resume its review of the application of the Non-public Issuance of A Shares by the Company. On 11 January 2018, the Company and the relevant intermediaries have provided supplementary information and answers to the questions regarding the questions raised by the Feedback and disclosed. On 9 March 2018, as it has been almost two years since the Company released the announcement in relation to the proposal of the Non-public Offering of A Shares, a number of changes took place in the capital market, industry environment and relevant policies while part of the investment items under the original investment project financed by fundraising has been substantially completed. After repeated studies and discussions with the relevant intermediaries, and upon consideration and approval at the fourth meeting in 2018 of the eighth session of the Board of the Company, the Company has determined to terminate the Non-public Issuance of A Shares and apply to the CSRC for the withdrawal of relevant application documents. As of the date of this report, CSRC has approved the application of our Company for termination of review. On 23 March 2018, the Company received the "Notice in Relation to Termination of Review\*" (No. [2018]119) (《終止審查通知書》)([2018]119號) by the CSRC, approving the termination of review on the Non-public Issuance of A Shares. For relevant information, please refer to the announcements (Announcement No.: [CIMC]2016-018, [CIMC]2016-033, [CIMC]2016-061, [CIMC]2016-072, [CIMC]2017-002, [CIMC]2017-024, [CIMC]2017-033, [CIMC]2017-084, [CIMC]2018-002, [CIMC]2018-013 and [CIMC]2018-021) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 9 April 2016, 1 June 2016, 15 October 2016, 22 November 2016, 17 January 2017, 21 April 2017, 9 June 2017, 19 December 2017, 11 January 2018, 9 March 2018 and 26 March 2018. As at the date of the report, the Non-public Issuance of A Shares Plan was terminated.

## Changes in Share Capital and Information on Shareholders

### 5. 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. For relevant information, please refer to the announcements (Announcement No.: [CIMC]2018-014, [CIMC]2018-015 and [CIMC]2018-070) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 12 March 2018 and 30 August 2018. As of the end of Reporting Period, no additional H Share was issued. The Company shall facilitate subsequent issuance work in accordance with laws and regulations as well as the requirements of the approved documents, and shall perform its information disclosure obligation in a timely manner in accordance with the progress of relevant matters.

### 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 2018 was 81,286, including 81,272 holders of A Shares and 14 registered holders of H Shares. The total number of Shareholders of the Company as at 28 February 2019 (being the end of the month prior to the publication date of the 2018 annual report of the Company) was 86,529 including 86,514 holders of A Shares and 15 registered holders of H Shares.

## Chapter IX Changes in Share Capital and Information on Shareholders

Unit: Shares

Total ordinary Shareholders at the end of the Reporting Period		81,286	Total ordinary Shareholders at the end of the month prior to the publication date of annual report		86,529			
Shareholdings of the Shareholders who held above 5% 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	58.00%	1,731,261,346	722,994	-	1,731,261,346	-	-
COSCO Container Industries Limited (Note 2)	Foreign legal person	14.48%	432,171,843	0	-	432,171,843	-	-
China Securities Finance Corporation Limited	State-owned legal person	2.37%	70,799,672	(7,085,948)	-	70,799,672	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	37,993,800	0	-	37,993,800	-	-
Agricultural Bank of China Limited-CSI500 Index Open-ended Fund	Domestic non-state-owned legal person	0.32%	9,437,003	6,227,703	-	9,437,003	-	-
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,252,400	(314,200)	-	9,252,400	-	-
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,211,800	(354,800)	-	9,211,800	-	-
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,150,300	(416,300)	-	9,150,300	-	-
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	9,094,100	(472,500)	-	9,094,100	-	-
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	9,035,599	(468,700)	-	9,035,599	-	-
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					

## Chapter IX

## Changes in Share Capital and Information on Shareholders

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)	1,716,406,509	Overseas listed foreign shares	1,716,406,509
	14,854,837	RMB-denominated ordinary shares	14,854,837
COSCO Container Industries Limited (Note 2)	432,171,843	RMB-denominated ordinary shares	432,171,843
China Securities Finance Corporation Limited	70,799,672	RMB-denominated ordinary shares	70,799,672
Central Huijin Asset Management Ltd.	37,993,800	RMB-denominated ordinary shares	37,993,800
Agricultural Bank of China Limited-CSI500 Index Exchange – traded Fund	9,437,003	RMB-denominated ordinary shares	9,437,003
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	9,252,400	RMB-denominated ordinary shares	9,252,400
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	9,211,800	RMB-denominated ordinary shares	9,211,800
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	9,150,300	RMB-denominated ordinary shares	9,150,300
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	9,094,100	RMB-denominated ordinary shares	9,094,100
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	9,035,599	RMB-denominated ordinary shares	9,035,599
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 2018, HKSCC Nominees Limited held 1,731,261,346 shares of the Company, including 14,854,837 A shares and 1,716,406,509 H shares. The H shares registered under HKSCC Nominees Limited include (but not limited to) 733,691,071 H shares held by China Merchants Group through its subsidiaries (including China Merchants (CIMC) Investment etc.), and the 245,842,181 H shares held by China COSCO Shipping, through its subsidiaries (including 25,322,106 H shares directly held by Long Honour and 220,520,075 H shares directly held by COSCO Container Industries).

Note 2: As at 31 December 2018, COSCO Container Industries held 220,520,075 H shares of the Company which were registered under HKSCC Nominees Limited (see Note 1 above) and 432,171,843 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.

## Chapter IX

**Changes in Share Capital and Information on Shareholders****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	Liu Chong, Lin Feng, Ming Dong	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

**Changes in Share Capital and Information on Shareholders****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 2018, 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	733,691,017(L)	Interest of corporation controlled by the substantial Shareholder	42.74%	24.58%
China COSCO Shipping (Note 2)	A Shares	432,171,843(L)	Interest of corporation controlled by the substantial Shareholder	34.07%	14.48%
	H Shares	245,842,181(L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.24%
Hony Group Management Limited (Note 3)	H Shares	358,251,896(L)	Interest of corporation controlled by the substantial Shareholder	20.87%	12.00%
Broad Ride Limited (Note 3)	H Shares	215,203,846(L)	Beneficial holder	12.54%	7.21%
	H Shares	143,048,050(L)	Person having security interest in shares	8.33%	4.79%
Promotor Holdings Limited	H Shares	143,048,050(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 733,691,017 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 432,171,843 A Shares (L) and 245,842,181 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 215,203,846 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder and 143,048,050 H Shares 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 2018, 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 RMB10.05 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, 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, Soares Limited and China Merchants (CIMC) Investment) held 24.58% of the issued shares of the Company and remains as the largest shareholder of the Company indirectly.

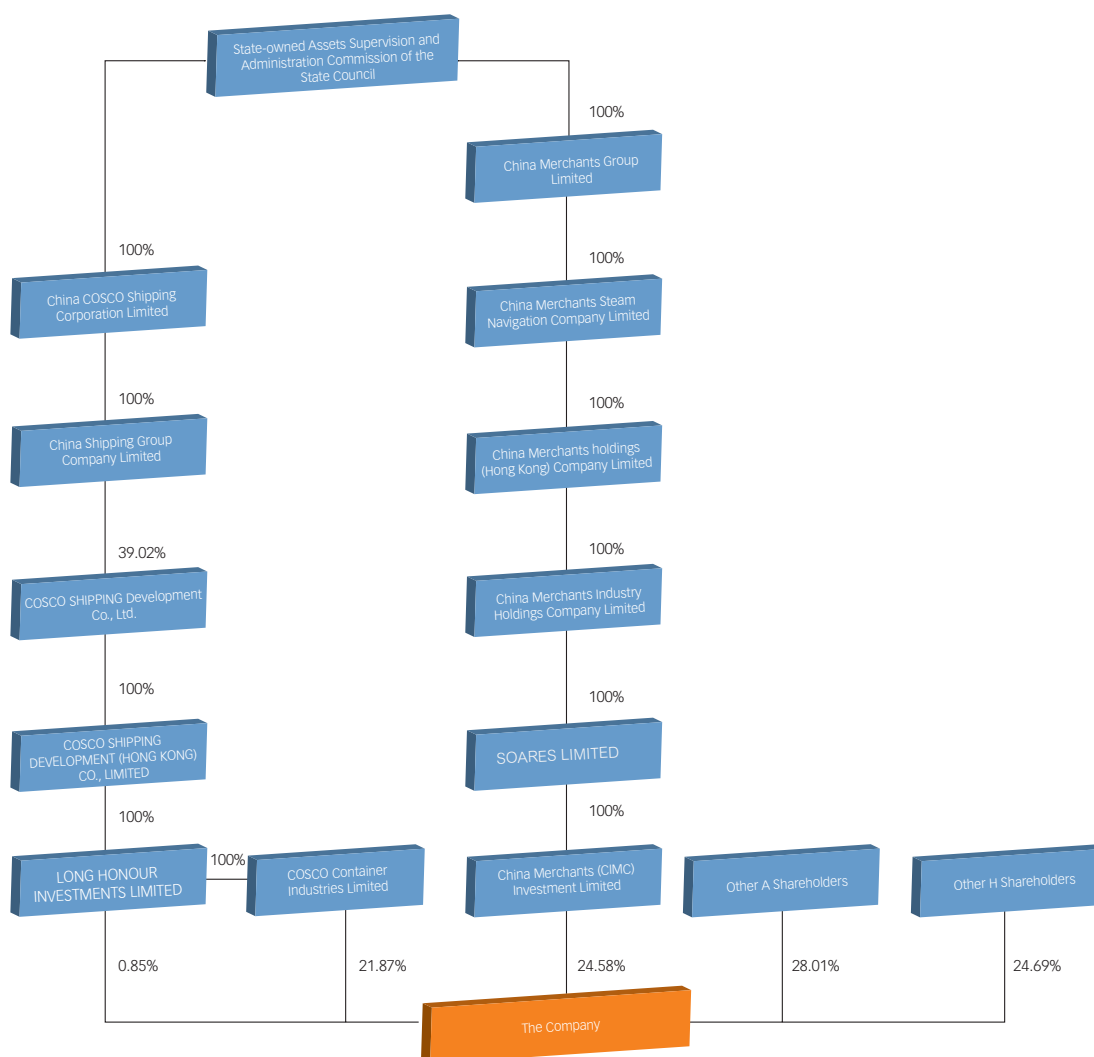
China COSCO Shipping was incorporated in February 2016 in the PRC. Its registered capital is RMB11.0 billion and its legal representative is Mr. Xu Lirong. China COSCO Shipping takes shipping, integrated logistics and related financial services as the pillar to provide global integrated logistics supply 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, COSCO SHIPPING Development, Long Honour and COSCO Container Industries, etc.) held 22.72% 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).



## 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

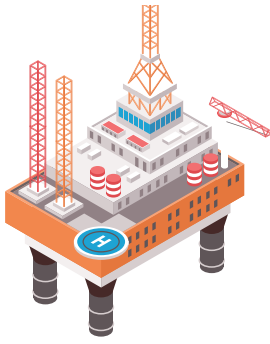


## VI. SUFFICIENCY OF PUBLIC FLOAT

As at 31 December 2018, the public float accounts for 30.40% of the issued H shares of the Company. Based on the information that is publicly available to the Company as of the Latest Practicable Date and within the knowledge of the Directors of the Company, 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.



# OFFSHORE ENGINEERING BUSINESS







## 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 2018	31 December 2017
Wang Hong	M	56	Chairman and non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Wang Yuhang	M	57	Vice chairman and non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Mai Boliang	M	59	Executive Director, CEO and President	from 31 May 2016 to 2018 annual general meeting	494,702 (A Shares)	494,702 (A Shares)
Hu Xianfu	M	49	Non-executive Director	from 26 September 2017 to 2018 annual general meeting	Nil	Nil
Liu Chong	M	48	Non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Pan Chengwei	M	72	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Pan Zhengqi	M	65	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Wong Kwai Huen, Albert	M	67	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil

**Information on Directors, Supervisors, Senior Management and Employees**

Brief biography of Directors:

**Mr. Wang Hong** (王宏), aged 56, 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) since June 2018, 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. Wang Yuhang** (王宇航), aged 57, is currently a deputy general manager and party committee member of China COSCO Shipping Corporation Limited. He has held positions in China Ocean Shipping (Group) Company including deputy manager of Personnel Department of Human Resources Division, deputy general manager of Development Division, deputy general manager of Human Resources Division, general manager of Supervision Division, deputy director of Discipline Inspection Commission, deputy director of Supervision Division, director of Legal Office, general manager of Human Resources Division, as well as vice president of COSCO Americas Inc., acting president of COSCO Americas Inc., deputy general manager and general manager of COSCO Shipbuilding Industry Company, general manager of COSCO Shipyard Group Co., Ltd. and vice president and party committee member of China COSCO Shipping Corporation Limited. With over 30 years' expertise in shipping industry, Mr. Wang Yuhang has rich experiences in human resources development, discipline inspection and corporate management. He begins his current office in January 2016. Mr. Wang Yuhang obtained his Bachelor's Degree in marine engineering from Dalian Maritime University. He is a senior engineer.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Mai Boliang** (麥伯良), aged 59, 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. 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. Hu Xianfu** (胡賢甫), aged 49, 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. Liu Chong** (劉冲), aged 48, is now a managing director of COSCO SHIPPING Development Co., Ltd. From July 1990 to March 2016, Mr. Liu Chong served successively as a staff in audit office of Guangzhou Shipping (Group) Company, deputy chief accountant of Bao'an Branch of China Merchants Bank, staff in audit department of Guangzhou Shipping (Group) Company, auditor and deputy chief of planning and financial office of Guangzhou Maritime Transport Group Real Estate Company, deputy section chief of the finance section of the finance department of Guangzhou Shipping (Group) Company, vice president of the internal bank of Guangzhou Shipping (Group) Company Limited, deputy officer of the Guangzhou Branch of the Settlement Centre of China Shipping (Group) Company, deputy general manager of China Shipping Investment Co., Ltd., chief financial officer and deputy general manager of China Shipping Logistics Co., Ltd., chief accountant of China Shipping (Hainan) Haisheng Co., Ltd., secretary of Party general branch and officer of China Shipping Finance Co., Ltd. and the Group's capital management department, chief accountant of China Shipping Container Lines Company Limited, general manager of China Shipping Investment Co., Ltd. and general manager of COSCO SHIPPING Development. He holds a bachelor's degree and is a senior accountant.

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Pan Chengwei** (潘承偉), aged 72, graduated from The Ministry of Transportation Management Cadre Institute with an associate bachelor degree and is an accountant. Mr. Pan started his career in 1965 and retired in November 2008. He had served as the head of finance department of China Ocean Shipping Company, the general manager of finance department of China Ocean Shipping (Group) Company, the general manager of finance department of COSCO (Hong Kong) Group Limited, the general manager of COSCO (H.K.) Property Development Limited, the general manager of COSCO (H.K.) Industry & Trade Holdings Ltd., the chief representative of Shenzhen representative office of COSCO (Hong Kong) Group Limited and the chief financial officer of Shenzhen Guangju Energy Co., Ltd., the general manager of COSCO (Cayman) Fortune Holding Co., Ltd. and its Hong Kong branch, and the compliance manager of the fuel & oil futures department of China Ocean Shipping (Group) Company. He has been an independent director of China Merchants Bank Co., Ltd. since July 2012.

**Mr. Pan Zhengqi** (潘正啟), aged 65, holds a master degree and the qualifications of senior economist and senior political worker. 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.

**Mr. Wong Kwai Huen, Albert** (王桂燦), aged 67, BBS/JP. He holds a bachelor degree of art from Chinese University of Hong Kong, a bachelor of laws degree from University of London and graduated from the College of Law, U.K. He is a practising solicitor in Hong Kong and UK and a notary public authorized by China. He currently serves as independent non-executive Director of Hua Hong Semiconductor Limited, China Oilfield Services Limited, Vinda International Holdings Limited and NWS Holdings Limited. He had once been the Managing Partner of China region for 15 years in two international large law firms in aggregate, and also worked for the Lands Department, Department of Justice and Legislative Council of the Hong Kong SAR for 10 years in total. He was appointed as committee member of Hong Kong International Airport Authority, Hospital Authority and Competition Commission successively. He is the honorary chairman of Hong Kong International Arbitration Centre and former president of the Hong Kong Institute of Arbitrators. He is the vice-chairman of Hong Kong Inland Revenue Board of Review, chairman of Hong Kong Copyright Tribunal, a director of The Hong Kong Mortgage Corporation Limited, ex-president of The Law Society of Hong Kong and a member of The Hong Kong Institute of Directors. Mr. Wong serves as honorary lecturer or professor in the University of Hong Kong, the Chinese University of Hong Kong, The City University of Hong Kong, Hang Seng Management College of Hong Kong and Hong Kong Shue Yan University. He also serves as director, president, chairman, member and treasurer in different public bodies and charity organizations.



## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees****2. Supervisors**

Information on the current Supervisors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2018	31 December 2017
Lin Feng	M	43	Chairman of the Supervisory Committee	from 12 November 2018 to 2018 annual general meeting	0	0
Wang Hongyuan	M	43	Supervisor	from 26 September 2017 to 2018 annual general meeting	0	0
Xiong Bo	M	59	Supervisor	from 31 May 2016 to the date of the general staff meeting to be held in 2018 for electing Supervisors	0	0

Brief biography of the Supervisors:

**Mr. Lin Feng** (林鋒), aged 43, 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 August 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.



**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Wang Hongyuan** (王洪源), age 43, ethnic Han from Laizhou, Shandong province, born in August 1975. He graduated from the Institute of Navigation of Dalian Maritime University and obtained a bachelor's degree in ocean vessel driving in July 1997. He started his career in July 1997 and obtained a master's degree from Transportation Management College of Dalian Maritime University as a full-time postgraduate student from August 2001 to June 2003. His major work experience is as follows: From July 1997 to August 2001, successively worked as third officer, second officer, and practice officer of the vessel assigned to Panama of Shandong Shipping Group. From June 2003 to July 2005, he worked as senior project manager of the business development department (the former of gulf project group secretariat (前海灣項目組秘書處)) of China Merchants Group. From July 2005 to August 2008, he was a senior project manager of the business management department of China Merchants Holdings (International) Company Limited. From August 2008 to July 2009, he served as the deputy general manager of China Merchants International Cold Chain Co., Ltd. (招商局國際冷鏈有限公司) while also served as business director of China Merchants Maritime & Logistics (Shenzhen) Ltd. (Bonded Logistics). From July 2009 to October 2010, he acted as the general manager of China Merchants International Cold Chain Co., Ltd. From October 2010 to October 2011, he served as the executive vice president of China Merchants Meileng Logistics Holdings Limited (招商美冷物流控股有限公司) while also served as the general manager of China Merchants International Cold Chain Co., Ltd. From October 2011 to December 2012, Mr. Wang worked as the deputy general manager of the enterprise strategic operations management department of China Merchants Holdings (International) Company Limited. From January 2013 to December 2013, he served as the deputy general manager of China Merchants Port Services (Shenzhen) Company Limited (招商港務(深圳)有限公司). From January 2014 to January 2015, Mr. Wang was the general manager assistant of China Merchants Food Supply Chain Management Co., Ltd. From January 2015 to December 2016, he served as director assistant of the capital management department of China Merchants Group Limited. From December 2016 to present, Mr. Wang has been the deputy general manager of China Merchants Industry Holdings Company Limited.

**Mr. Xiong Bo** (熊波), aged 59, 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.

## Chapter X

**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 2018	31 December 2017
Mai Boliang	M	59	CEO and president	from 28 March 2016 to 2019 annual Board meeting	494,702 (A Shares)	494,702 (A Shares)
Gao Xiang	M	53	Executive Vice President	Three years from 1 April 2015	0	0
Wu Fapei	M	60	Vice President	from 28 March 2016 to 2019 annual Board meeting	0	0
Li Yinhui	M	51	Vice President	from 28 March 2016 to 2019 annual Board meeting	0	0
Huang Tianhua	M	55	Vice President	from 27 March 2018 to 2021 annual Board meeting	450,000 (A Shares)	N/A(Note 1)
Yu Yuqun	M	53	Vice President, Secretary to the Board, Company Secretary	from 28 March 2016 to 2019 annual Board meeting	0	0
Zeng Han	M	43	General manager of financial department	from 27 March 2017 to 2020 annual Board meeting	0	0

Note: As at 27 March 2018, Mr. Liu Xuebin, the vice president of the company, resigned due to the personal health; Mr. Yu Ya and Mr. Zhang Baoqing left office due to expiration of their term. On the same date, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company appointed Mr. Gao Xiang as executive vice president of the Company, Mr. Li Guiping and Mr. Huang Tianhua as vice presidents of the Company, Mr. Yu Yuqun as vice president of the Company and secretary to the Board and Company Secretary. On 9 August 2018, Mr. Li Guiping resigned his position as the vice president of the Company due to work reasons.

Note 1: In 2017, Mr. Huang Tianhua has not been appointed as vice president of the Company.

## 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 53, 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. Wu Fapei** (吳發沛), aged 60, has been a vice president of the Company since March 2004. He joined the Company in 1996, was appointed as the manager of Information Management Department in December 1996, then the assistant to the president in December 1998 and further the secretary of the Board from December 1999 to March 2004. Before that, he used to be a teacher and associate professor of School of Business Administration in South China University of Technology and the deputy general manager of Zhaoqing Nanhua Bicycle Ronghui Co., Ltd. in Guangdong. Mr. Wu graduated from South China University of Technology with a bachelor of science degree in mechanical manufacturing in July 1982 and a master degree in engineering in July 1989.

**Mr. Li Yinhui** (李胤輝), aged 51, 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.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Huang Tianhua (黃田化)**, aged 55, 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 Group 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 Group. 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 Group, 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 53, 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 (formerly known as TSC Offshore Group Limited and whose shares are listed on the Main Board of the Stock Exchange) from 2011 to 2016. Mr. Yu is currently a non-executive director of CFE (whose shares are listed on the Main Board of the Stock Exchange), a non-executive director of Pteris Global Limited, the chairman of Shenzhen Sky Capital Co., Ltd. and a director of several subsidiaries. Mr. Yu is the member of the third session 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.

**Mr. Zeng Han (曾邗)**, aged 43, born in 1975, has been the general manager of the Financial Management Department of the Company since March 2017. Mr. Zeng joined the Company in 1999 and has successively served as manager of the Accounting Division of the Financial Management Department, assistant to the general manager of the Financial Management Department, deputy general manager and executive deputy general manager of the Financial Management Department. He also held a concurrent post as manager of the Financial Department of CIMC Enric Holdings Limited (Hong Kong Stock Code: 3899) from 2009 to 2010. Since 2015, he has been appointed as directors of a number of subsidiaries and was appointed as the chairman of the Financial Informationization Decision-making Committee of the Group in 2016. 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.

**Information on Directors, Supervisors, Senior Management and Employees****II. CHANGES ON SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

During the Reporting Period, there is no change on shareholdings of directors, supervisors and senior management.

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

As at 31 December 2018, 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	494,702	A Shares

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees****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 2018, 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

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

Name	Position	Type	Date	Reasons
Lin Feng	Chairman of the supervisory committee	Appointment	12 November 2018	Appointment
Huang Tianhua	Vice president	Appointment	27 March 2018	Appointment
Li Guiping	Vice president	Appointment	27 March 2018	Appointment
Zhang Mingwen	Chairman of the supervisory committee	Resignation	12 November 2018	Resignation due to work reason
Li Guiping	Vice president	Resignation	9 August 2018	Resignation due to work reason
Liu Xuebin	Vice president	Resignation	27 March 2018	Resignation due to health reason
Yu Ya	Vice president	Retirement upon expiry of the term	27 March 2018	Retirement upon expiry of the term
Zhang Baoqing	Vice president	Retirement upon expiry of the term	27 March 2018	Retirement upon expiry of the term
Yang Rong	General manager of the fund management Department	Resignation	8 January 2018	Resignation due to personal reason

**Information on Directors, Supervisors, Senior Management and Employees****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.

**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
Wang Yuhang	China COSCO Shipping China Merchants Group	Deputy general manager	January 2016	–	Yes
Hu Xianfu	China Merchants Industry Holdings Limited	General manager	December 2017	–	Yes
Liu Chong	COSCO SHIPPING Development Co., Ltd.	Managing director	March 2016	–	Yes
Lin Feng	COSCO SHIPPING Development Co., Ltd.	Chief accountant	August 2018	–	Yes
Wang Hongyuan	China Merchants Industry Holdings Limited	Deputy general manager	December 2016	–	Yes



## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees****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	China Merchants Port Holdings Company Limited	Director	2005.05.11	2018.6.4	No
Liu Chong	Sinotrans Limited	Chairman	2018.6.1	–	No
	Cinda Asset Management Co., Ltd.	Director	2017.8	–	No
Pan Chengwei	China Merchants Bank Co., Ltd.	Independent Director	2012.7.9	–	Yes
Wong Kwai Huen, Albert	Fried, Frank, Harris, Shriver & Jacobson LLP	Principal of Hong Kong and Shanghai Offices	2006	–	Yes
Wang Hongyuan	China Merchants Great Wall Ocean Technology Strategic Development Industry Fund	General manager	2017.8	–	No
	TSC Group Holdings Limited	Executive Director	2018.2	–	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

**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.

## Chapter X

**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	56	Current	-	-
Wang Yuhang	Vice chairman and non-executive Director	M	57	Current	-	-
Mai Boliang (Note 1)	Executive Director, CEO and president	M	59	Current	8,224	-
Hu Xianfu	Non-executive Director	M	49	Current	-	-
Liu Chong	Non-executive Director	M	48	Current	-	-
Pan Chengwei	Independent non-executive Director	M	72	Current	240	-
Pan Zhengqi	Independent non-executive Director	M	65	Current	240	-
Wong Kwai Huen, Albert	Independent non-executive Director	M	67	Current	240	-
Zhang Mingwen (Note 2)	Chairman of the Supervisory Committee	M	40	Retirement	-	-
Lin Feng (Note 2)	Chairman of the Supervisory Committee	M	43	Current	-	-
Wang Hongyuan	Supervisor	M	43	Current	-	-
Xiong Bo (Note 3)	Supervisor	M	59	Current	475	-
Gao Xiang (Note 4)	Executive Vice president	M	53	Current	3,867	-
Wu Fapei	Vice president	M	60	Current	2,663	-
Li Yinhui	Vice president	M	51	Current	2,372	-
Huang Tianhua (Note 4)	Vice president	M	55	Current	2,851	-
Yu Yuqun (Note 4)	Vice president, Secretary to the Board and Company Secretary	M	53	Current	3,299	-
Zeng Han	General Manager of Financial Management Department	M	43	Current	1,548	-
Yu Ya (Note 4)	Vice president	M	63	Retirement	375	-
Zhang Baoqing (Note 4)	Vice president	M	62	Retirement	332	-
Liu Xuebin (Note 4)	Vice president	M	59	Retirement	383	-
Li Guiping (Note 4)	Vice president	M	53	Retirement	6,605	-
Yang Rong (Note 5)	General Manager of the Fund Management Department	F	43	Retirement	216	-
<b>Total</b>	-	-	-	-	<b>33,930</b>	<b>-</b>

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

- 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: On 12 November 2018, Mr. Zhang Mingwen resigned due to work change reasons. On 12 November 2018, approved by the Company's third Extraordinary General Meeting in 2018, Mr. Lin Feng was appointed as supervisor representing the shareholders of the 8th Supervisory Committee of the Company.
- Note 3: Mr. Xiong Bo received remuneration from the Company due to the other position he held at the Company apart from his position as Supervisor.
- Note 4: In that Mr. Liu Xuebin resigned due to the personal health, Mr. Yu Ya and Mr. Zhang Baoqing retired upon expiration of their term, after considered and approved at the sixth meeting of the eighth session of the Board of Directors of the Company in 2018, Mr. Gao Xiang was appointed as the executive vice president of our Company, Mr. Li Guiping and Mr. Huang Tianhua were appointed as the vice president of our Company, and Mr. Yu Yuqun was appointed as vice president, secretary to the board/company secretary of our Company. Former vice presidents of the Company, Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing were converted as senior advisors. On 9 August 2018, Mr. Li Guiping resigned due to work reasons.
- Note 5: On 8 January 2018, Ms. Yang Rong resigned as General manager of the fund management department for personal reasons.

The top five people who received the highest remuneration from the Group in 2018 have been listed in the above table.

## Chapter X

**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	2,850,000	0	10.22	10.58	0	0	0	0
Gao Xiang	Executive Vice President	375,000	0	10.22	10.58	0	0	0	0
Wu Fapei	Vice President	750,000	0	10.22	10.58	0	0	0	0
Li Yinhui	Vice President	750,000	0	10.22	10.58	0	0	0	0
Huang Tianhua	Vice President	0	0	10.22	10.58	0	0	0	0
Yu Yuqun	vice president, secretary to the board, company secretary	750,000	0	10.22	10.58	0	0	0	0
Zeng Han	General Manager of Financial Management Department	288,750	0	10.22	10.58	0	0	0	0
<b>Total</b>	-	<b>5,763,750</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: As at 27 March 2018, Mr. Liu Xuebin, Mr. Yu Ya, and Mr. Zhang Baoqing, the key management of the Company, left the office. On 9 August 2018, Mr. Li Guiping, former vice president of the Company, left the office. Up to 31 December 2018, Mr. Liu Xuebin held 997 thousand of unexercised A Share options of the Company, Mr. Yu Ya held 650 thousand of unexercised A Share options of the Company, Mr. Zhang Baoqing held 750 thousand of unexercised A share options of the Company, Mr. Li Guiping held 0 of unexercised A Share options of the Company, and Mr. Yu Ya held 250 thousand of unexercised options of CIMC Enric.

**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.

**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	261
Number of in-service employees of principal subsidiaries	50,992
Total number of in-service employees	51,253
Total number of employees who received salaries during the Reporting Period	51,253
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	105

Professional composition		Education background	
Professional composition	Number of employees	Education degree	Number of employees
Production personnel	33,104	PHD	35
Sales personnel	2,527	Master	1,185
Technical personnel	8,918	Bachelor	8,834
Financial personnel	1,207	College	7,647
Administration personnel	5,497	Senior high school and below	33,552
Total	51,253	Total	51,253

**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. 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. The Company officially released the Accountability Measures for Liability Events of CIMC Group, List of Liability Events of CIMC Group, Guidelines on the Performance of Directors and Supervisors Dispatched by CIMC Group (Compliance) and Guidelines on the Performance of Corporate General Managers of CIMC Group (Compliance), which continuously improved the Group’s cadres’ awareness of risk control and performance abilities. In 2018, the Group won the first “China Incorruptible Innovation Award (中國廉潔創新獎)” in the “China Enterprise Anti-Fraud Alliance (中國企業反舞弊聯盟)” project as the main sponsor.

In accordance with standards for the corporate governance of listed companies by CSRC, CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company positively and timely completed corporate governance rectification, special inspection and system establishment as required by relevant regulatory authorities. In 2018, the Company was awarded the 5th China Industrial Award by China Federation of Industrial Economics and was ranked 25th among the Top 500 Enterprises in Guangdong Province by the Guangdong Provincial Enterprise Confederation.

In 2018, 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



## Chapter XI

**Corporate Governance and Corporate Governance Report**

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 18 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. In addition, the Company held the Disclosure Meeting of Annual Results of 2017 at the end of March and Disclosure Meeting of Interim Results of 2018 at the end of August respectively, and provided live broadcast of the meetings to domestic investors through the live webcasting platform. Further, the Company distributed in 2018 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 2018.

## 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, 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.

**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 service business and the financing lease business under the financial 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.

## Chapter XI

**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	Notification Date	Disclosure date	Disclosure index
First extraordinary general meeting of 2018	Extraordinary general meeting	55.2452%	2018.2.9	2017.12.22	2018.2.9	
Annual general meeting for 2017	Annual general meeting	55.1701%	2018.6.8	2018.4.23	2018.6.8	
Second extraordinary general meeting for 2018	Extraordinary general meeting	58.0199%	2018.9.26	2018.8.9	2018.9.26	www.cninfo.com.cn
First A shareholders' class meeting for 2018	Extraordinary general meeting	34.3056%	2018.9.26	2018.8.9	2018.9.26	www.hkexnews.hk
First H shareholders' class meeting for 2018	Extraordinary general meeting	32.8725%	2018.9.26	2018.8.9	2018.9.26	
Third extraordinary general meeting for 2018	Extraordinary general meeting	58.5739%	2018.11.12	2018.9.27	2018.11.12	

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 2018, 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.

**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			Absence	Not attending in person for two consecutive meetings	
		Attendance in person	Attendance by means of telecommunication	Attendance by proxy			
Pan Chengwei	26	1	25	0	0	No	
Pan Zhengqi	26	1	25	0	0	No	
Wong Kwai Huen, Albert	26	1	25	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.						
	Pan Chengwei attended the annual general meeting for 2017 and the third extraordinary general meeting for 2018; Pan Zhengqi attended the annual general meeting for 2017, the second extraordinary general meeting for 2018, the first A shareholders' class meeting for 2018, the first H shareholders' class meeting for 2018 and the third extraordinary general meeting for 2018; Wong Kwai Huen, Albert attended the annual general meeting for 2017, the first extraordinary general meeting of 2018, the second extraordinary general meeting for 2018, the first A shareholders' class meeting for 2018, the first H shareholders' class meeting for 2018 and the third extraordinary general meeting for 2018.						

**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 of 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 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 2018), 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 2018), the Company has not found any significant deficiency in internal controls over non-financial reporting.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(2) Self-Assessment Report on Internal Control**

Disclosure date of full text of internal control assessment report	27 March 2019
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"> <li>Discovery of acts of irregularity by Directors, Supervisors or the management that caused significant impacts in financial reporting;</li> <li>Amendment to published financial statements to reflect correction to significant reporting errors due to mistakes or irregularities;</li> <li>The presence of significant reporting errors affecting the current financial statements remaining undetected by the assessed entity's internal controls systems, but was discovered by auditors;</li> <li>Significant deficiency that has been reported to the management and the Board but remains uncorrected after a reasonable period of time; alternatively, although the assessed entity has adjusted its significantly deficient internal controls prior to the baseline date, however, the new controls have not been in operation for a sufficiently long period;</li> <li>Ineffective monitoring on internal controls by the Audit Committee and the internal auditing unit.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>The assessed entity's business activities are in serious violation of the laws and regulations of the State;</li> <li>Non-compliance in major policy decisions, substantive matters, appointment and dismissal of key personnel, as well as the decision processes for large sum of payments.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>Important deficiencies remain unrectified after being reported to the management and after lapse of a reasonable period;</li> <li>Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but this has not affected the assessed entity's product market position.</li> </ol>

## Chapter XI

**Corporate Governance and Corporate Governance Report**

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



## Chapter XI

**Corporate Governance and Corporate Governance Report**

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"> <li>1. <math>x \geq 0.5\%</math> of total sales revenues;</li> <li>2. <math>x \geq 5\%</math> of total profits;</li> <li>3. <math>x \geq 1\%</math> of total assets;</li> <li>4. <math>x \geq 1\%</math> of total stakeholders' interests.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>1. <math>0.1\%</math> of total sales revenues <math>\leq x &lt; 0.5\%</math> of total sales revenues;</li> <li>2. <math>1\%</math> of total profits <math>\leq x &lt; 5\%</math> of total profits;</li> <li>3. <math>0.2\%</math> of total assets <math>\leq x &lt; 1\%</math> of total assets;</li> <li>4. <math>0.2\%</math> of total stakeholders' interests <math>\leq x &lt; 1\%</math> of total stakeholders' interests.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>1. Failure to maintain and/or update documentation contents for the internal controls systems for 3 years and more in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>2. Continuous interruption of normal services for a period of over 48 hours in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>1. Failure to maintain and/or update documentation contents for the internal controls systems for 2 years in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>2. Continuous interruption of normal service for a period of over 24 hours but less than 48 hours, in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol>

## Chapter XI

**Corporate Governance and Corporate Governance Report**

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

**Corporate Governance and Corporate Governance Report****10. INTERNAL CONTROL AUDIT REPORT**

Applicable     Not applicable

---

**The paragraphs of opinions on approval 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 2018.

Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	27 March 2019
Disclosure index of full text of internal control audit report	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

## Chapter XI

**Corporate Governance and Corporate Governance Report****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, A.2.7, A.6.7 and E.1.2. 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. According to the Guidelines for Board of Directors and Directors issued by the Hong Kong Stock Exchange in July 2018, on 24 December 2018, as reviewed and approved by the 26th meeting of the eighth session of the Board of the Company of 2018, the proposed amendment to the Implementation Rules of the Nomination Committee under the Board of Directors and the Implementation Rules of the Audit Committee under the Board of Directors of the Company was agreed. The full text of the amended Implementation Rules of the Nomination Committee under the Board of Directors and the Implementation Rules of the Audit Committee under the Board of Directors were published on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 25 December 2018. According to the revision of the Company Law of the People's Republic of China and the Corporate Governance Guidelines for Listed Companies, on 29 November 2018, as reviewed and approved by the 24th meeting of the eighth session of the Board of the Company of 2018, it is agreed that amendments to the Articles of Association, Rules of Procedure for the General Meetings of the Company, Rules of Procedure for the Board of Directors of the Company and Rules of Procedure for the Supervisory Committee of the Company shall be made and be submitted to the shareholders' general meeting for consideration and approval. The new Articles of Association and relevant rules of procedure were considered and passed at the general meeting held on 15 January 2019. The full text of the amended Articles of Association, Rules of Procedure for the General Meetings of the Company, Rules of Procedure for the Board of Directors of the Company and Rules of Procedure for the Supervisory Committee of the Company were published on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 15 January 2019.

## Chapter XI

**Corporate Governance and Corporate Governance Report**

In accordance with the Articles of Association and the Rules of Procedures of 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.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(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. Pan Chengwei, an independent non-executive Director, has appropriate accounting and financial management expertise. The professional qualifications and abundant experience of current Directors help the Board rigorously review and monitor management procedures to ensure the interests of all Shareholders, including minority Shareholders. Profiles of Directors of the Company are set out in 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 2018 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 are no financial, business, family or other significant/related relationships among the Board members, chairman and CEO and president.

**Corporate Governance and Corporate Governance Report****(3) Board Meeting****1. Attendance**

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2018, the Board convened 26 meetings, including 1 on-site meetings and 25 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	26	0		100
Wang Yuhang	Vice chairman, non-executive Director	26	0		100
Mai Boliang	Executive Director	26	0		100
Hu Xianfu	Non-executive Director	26	0		100
Liu Chong	Non-executive Director	26	0		100
Pan Chengwei	Independent non-executive Director	26	0		100
Pan Zhengqi	Independent non-executive Director	26	0		100
Wong Kwai Huen, Albert	Independent non-executive Director	26	0		100

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

The Board convened 26 Board meetings and 18 meetings of special committees of the Board and passed 41 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 2018 of the 8th session	15 January 2018	Resolution on Adjustments to Organizational Institutions of the Headquarter of the Group
The 2nd meeting in 2018 of the 8th session	25 January 2018	Resolution on Capital Injection to Yinlong Energy Co., Ltd
The 3rd meeting in 2018 of the 8th session	08 February 2018	Resolution on the election of a director to preside over the first Extraordinary General Meeting for 2018
The 4th meeting in 2018 of the 8th session	08 March 2018	Resolution on Termination of the Non-Public Issuance of A Shares and Applying for Withdrawal of Relevant Application Documents
The 5th meeting in 2018 of the 8th session	12 March 2018	<ol style="list-style-type: none"> <li>Resolution on Issuance of Overseas Listed Foreign Shares (H Shares) by China International Marine Containers (Group) Co., Ltd. under the General Mandate</li> <li>Resolution on Transfer of Equity Interest in Shouzhong Investment Management Co., Ltd</li> </ol>

## Chapter XI

**Corporate Governance and Corporate Governance Report**

Session of meeting of the Board	Date	Resolutions of the Board considered
The 6th meeting in 2018 of the 8th session	27 March 2018	<ol style="list-style-type: none"> <li>1. Resolution on the Sixth Meeting in 2018</li> <li>2. Resolution on Financial Arrangement in 2018</li> <li>3. Resolution Regarding Financial Institutions Facility and Project Guarantee Provided to the Subsidiaries of the Company in 2018</li> <li>4. Resolution Regarding the Provision of Credit Guarantees by C&amp;C Trucks Co. Ltd. and its holding subsidiaries for its subordinated Distributors and Clients</li> <li>5. Resolution Regarding the Provision of Mortgage Loan Credit Guarantees by Shenzhen CIMC Skyspace Real Estate Co., Ltd. and its holding subsidiaries to Buyers of Commercial Housings</li> <li>6. Resolution Regarding the Provision of Credit Guarantees by CIMC Vehicles Group Co., Ltd. and its holding subsidiaries for its subordinated Distributors and Clients</li> <li>7. Resolution Regarding the Application by CIMC Finance Company to provide External Guarantees Business for the Group's Members</li> <li>8. Resolution Regarding the Hedging Activities of Exchange Rate and Interest Rate for 2018</li> <li>9. Resolution Regarding the Continuing Connected Transactions/Ordinary Related-Party Transactions with COSCO SHIPPING Development Co., Ltd.</li> <li>10. Resolution Regarding the Execution of Continuing Connected Transactions/Ordinary Connected Transactions for 2017</li> </ol>
The 7th meeting in 2018 of the 8th session	17 April 2018	Resolution on approval of "Proposal of CIMC Innovations Partnership"
The 8th meeting in 2018 of the 8th session	23 April 2018	<ol style="list-style-type: none"> <li>1. Resolution Regarding Approval of the Registration and Issuance of Medium-Term Notes (including Perpetual Medium-Term Notes) and Super &amp; Short-term Commercial Papers</li> <li>2. Resolution Regarding the Convening of the Annual General Meeting of 2017</li> </ol>
The 9th meeting in 2018 of the 8th session	27 April 2018	Resolution of the first quarterly report for 2018
The 10th meeting in 2018 of the 8th session	20 July 2018	Resolution Regarding the Capital Increase in CIMC Finance Company Ltd.



## Chapter XI

**Corporate Governance and Corporate Governance Report**

Session of meeting of the Board	Date	Resolutions of the Board considered
The 11th meeting in 2018 of the 8th session	27 July 2018	Resolution in relation to the adjustments to the exercise price for the A Share Options Incentive Scheme of the Company
The 12th meeting in 2018 of the 8th session	9 August 2018	Resolution of the twelfth meeting in 2018
The 13th meeting in 2018 of the 8th session	10 August 2018	Resolution of adjustment on the fixed remuneration of Mai Boliang, a Director, CEO and President
The 14th meeting in 2018 of the 8th session	28 August 2018	Resolution of the interim reports for 2018
The 15th meeting in 2018 of the 8th session	6 September 2018	<ol style="list-style-type: none"> <li>1. Resolution Regarding the Company's Satisfaction of the Conditions for Public Issuance of Corporate Bonds to Qualified Investors at the 8th session of the Board meeting</li> <li>2. Resolution on guarantee matters in 2018 at the 8th session of the Board meeting</li> </ol>
The 16th meeting in 2018 of the 8th session	14 September 2018	<ol style="list-style-type: none"> <li>1. Resolution on Provision of Financial Support to Qujing Zhongbirui Real Estate Development Co., Ltd. * (曲靖市中碧瑞房地產開發有限公司) by CIMC Skyspace Real Estate at the 8th session of the Board meeting</li> </ol>
The 17th meeting in 2018 of the 8th session	27 September 2018	<ol style="list-style-type: none"> <li>1. Resolution of Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. obtaining Prince Bay Project by Public Tender</li> <li>2. Resolution on proposal to convene the third extraordinary general meeting for 2018</li> </ol>
The 18th meeting in 2018 of the 8th session	26 September 2018	Resolution on the election of a director to preside over the 2nd Extraordinary General Meeting for 2018, the first A/H shareholders' class meeting for 2018
The 19th meeting in 2018 of the 8th session	11 October 2018	Resolution on the transfer of the equity of CIMC Technology Co., Ltd.* (中集技術有限公司)
The 20th meeting in 2018 of the 8th session	6 November 2018	Resolution on the capital injection in Dongguan Zhengyi Investment Co. Ltd.* (東莞市正易投資有限公司) by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. (深圳市中集產城發展集團有限公司) and the joint development of Dongguan Tianbao Project
The 21st meeting in 2018 of the 8th session	29 October 2018	Resolution of the third quarterly report for 2018
The 22nd meeting in 2018 of the 8th session	9 November 2018	Resolution on the election of a director to preside over the 3rd Extraordinary General Meeting for 2018

## Chapter XI

**Corporate Governance and Corporate Governance Report**

Session of meeting of the Board	Date	Resolutions of the Board considered
The 23rd meeting in 2018 of the 8th session	21 November 2018	<ol style="list-style-type: none"> <li>Resolution of Donation to Shanghai Jiao Tong University Education Development Foundation</li> <li>Resolution of equity transfer in Qindao CIMC Reefer Trailer Co., Ltd. and Qingdao CIMC Special Vehicles Co., Ltd.</li> </ol>
The 24th meeting in 2018 of the 8th session	29 November 2018	Resolution of the twenty-fourth meeting in 2018
The 25th meeting in 2018 of the 8th session	19 December 2018	Resolution on participation in right issue of TSC Group Holdings Limited
The 26th meeting in 2018 of the 8th session	24 December 2018	Resolution on amendments to the Implementation Rules of the Nomination Committee of the Board of Directors and the Implementation Rules of the Audit Committee of the Board of Directors

Corporate Governance Code A.1.1 requires that “The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals”. During the Reporting Period, the Company held 26 Board meetings, of which 1 meeting 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.

Corporate Governance Code A.2.7 requires that “The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of executive directors”. The Company has only one executive director and the Company’s daily business operation is managed and monitored by the executive director. The directors consider that during the Reporting Period there was no meeting in which the executive director needs to be avoided. Therefore, the Company has not held a board meeting without the executive director present during the year.

Corporate Governance Code A.6.7 requires that “independent non-executive directors and other non-executive directors should also attend general meetings to gain and develop a balanced understanding of the views of shareholders”. During the Reporting Period, the Company held 6 general meetings, of which 4 general meetings, one A shareholders’ class meeting and one H shareholders’ class meeting. Due to other substantial affairs during the same period, certain directors failed to attend each general meeting. For details of the attendance of directors, please refer to “2. Attendance of the directors at the general meetings” of “4. Shareholders and General Meetings” in this section of this report.

Corporate Governance Code E.1.2 requires that “The chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend”. The chairman of the Board and the chairmen of other committees attended the annual general meeting, except that Mr. Hu Xianfu, a non-executive director and the chairman of the Risk Management Committee, was unable to attend the annual general meeting due to other important matters at the relevant time.

**Corporate Governance and Corporate Governance Report****(4) Responsibilities and Authorities of the Board and the Management**

Responsibilities and authorities 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 of 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 data 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.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(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 Wang Yuhang and non-executive Director Liu Chong signed service contracts with the Company on 31 May 2016. Principal terms of such service contracts include: (1) the service contracts 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 contracts 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.

Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert, both being independent non-executive Directors, signed service contracts with the Company on 28 June 2013, with major terms including: (1) the service contracts shall be valid from the 2012 annual general meeting (28 June 2013) to the 2015 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. Mr. 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.

**Corporate Governance and Corporate Governance Report**

The Company entered into service contracts with Lin Feng (the chairman of the Supervisory Committee), Wang Hongyuan (Supervisor) and Xiong Bo (Supervisor) on 12 November 2018, 26 September 2017 and 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.

**(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).

## Chapter XI

**Corporate Governance and Corporate Governance Report****(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. Mr. Wang Hongyuan, a supervisor of the Company, serves as the deputy general manager of China Merchants Industry Holdings. China Merchants Industry Holdings 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. Wang Yuhang, a non-executive Director of the Company, serves as the deputy general manager of China COSCO Shipping Corporation Limited. Mr. Liu Chong serves as the managing director of COSCO SHIPPING Development Co., Ltd. Mr. Lin Feng, a supervisor 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 service 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.

**Corporate Governance and Corporate Governance Report****(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 2018, 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	1. "Network risk is Directors & Officers' risk" organized by Computershare
Wang Yuhang	Vice Chairman and non-executive Director	2. "Forensic Accounting and Occupational Fraud" organized by PwC
Mai Boliang	Executive Director, CEO and president	3. Organized by the Hong Kong Stock Exchange:
Liu Chong	Non-executive Director	1) Updates of Corporate Governance for 2018
Hu Xianfu	Non-executive Director	2) Appointment of independent non-executive director
Pan Chengwei	Independent non-executive Director	3) Roles of independent non-executive director
Pan Zhengqi	Independent non-executive Director	4) Directors' attendance to meetings and dividend policy
Wong Kwai Huen, Albert	Independent non-executive Director	5) Applicable rules for corporate governance on different voting rights
		6) Important information and conclusion

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 2018, 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.

## Chapter XI

**Corporate Governance and Corporate Governance Report****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. Pan Chengwei, Mr. Wong Kwai Huen, Albert, Mr. Hu Xianfu and Mr. Liu Chong.

Members of the Remuneration and Appraisal Committee	Time of attendance in person	Time of attendance by proxy
Mr. Pan Zhengqi (chairman)	4	0
Mr. Pan Chengwei (member)	4	0
Mr. Wong Kwai Huen, Albert (member)	4	0
Mr. Hu Xianfu (member)	4	0
Mr. Liu Chong (member)	4	0



**Corporate Governance and Corporate Governance Report****3. Work of the Remuneration and Appraisal Committee during the Reporting Period**

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

Session of meeting	Date	Resolutions considered
The 1st meeting in 2018 of the 8th session	26 March 2018	1. Review opinion on the first meeting in 2018
The 2nd meeting in 2018 of the 8th session	5 June 2018	1. Review opinion on the 2017 appraisal of CEO and President Mai Boliang 2. Review opinion on the 2017 appraisal of appointed personnel (excluding CEO and President Mai Boliang) by the Board of Directors
The 3rd meeting in 2018 of the 8th session	3 August 2018	Opinion on the 2017 performance bonus distribution plan and the 2018 fixed remuneration adjustment plan for personnel appointed by the Board

**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.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(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.

On 24 December 2018, the Boarding considered and approved the amended "The Implementation Rules of the Nomination Committee under the Board of China International Marine Containers (Group) Co., Ltd.", of which the full text were published on Cninfo website (<http://www.cninfo.com.cn>), the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 24 December 2018.

**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, Mr. Wong Kwai Huen, Albert and members, namely, Mr. Wang Hong and Mr. Pan Chengwei.

Member of the Nomination Committee	Time of attendance in person	Time of attendance by proxy
Mr. Wong Kwai Huen, Albert (chairman)	1	0
Mr. Wang Hong (member)	1	0
Mr. Pan Chengwei (member)	1	0

**Corporate Governance and Corporate Governance Report****3. Work of the Nomination Committee during the Reporting Period**

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

Session of meeting	Date	Resolutions considered
The 1st meeting in 2018 of the 8th session	27 March 2018	Opinion on the first meeting in 2018

**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 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.

## Chapter XI

**Corporate Governance and Corporate Governance Report**

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.

On 24 December 2018, the Board considered and approved the amended "The Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd.", of which the full text were published on the website of Cninfo website (<http://www.cninfo.com.cn>), the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 24 December 2018.

**2. Members of the Audit Committee and the Attendance Rate**

The Audit Committee comprises three independent non-executive Directors. Current members include, chairman, Mr. Pan Chengwei and members, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert.

Member of the Audit Committee	Time of attendance in person	Time of attendance by proxy
Mr. Pan Chengwei (chairman)	11	0
Mr. Pan Zhengqi (member)	11	0
Mr. Wong Kwai Huen, Albert (member)	11	0

**Corporate Governance and Corporate Governance Report****3. Work of the Audit Committee during the Reporting Period**

During the Reporting Period, the Audit Committee held 11 meetings, 7 of which were held by way of written resolution.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2018 of the 8th session	12 March 2018	Review opinion on Transfer of Equity Interest in Shouzhong Investment Management Co., Ltd.
The 2nd meeting in 2018 of the 8th session	9 March 2018	Nil
The 3rd meeting in 2018 of the 8th session	26 March 2018	Audit Committee's opinion on matters concerning the 3rd meeting in 2018
The 4th meeting in 2018 of the 8th session	26 April 2018	Opinion on auditing the first quarterly financial report of 2018
The 5th meeting in 2018 of the 8th session	23 August 2018	Opinion on auditing the half – yearly financial report of 2018
The 6th meeting in 2018 of the 8th session	14 September 2018	Review opinion on Provision of Financial Support to Qujing Zhongbirui Real Estate Development Co., Ltd.* (曲靖市中碧瑞房地產開發有限公司) by CIMC Industry & City
The 7th meeting in 2018 of the 8th session	27 September 2018	Review opinion on Shenzhen CIMC Industry & City Development Group Co., Ltd. obtaining Prince Bay Project by Public Tender
The 8th meeting in 2018 of the 8th session	6 November 2018	Review opinion on the capital injection in Dongguan Zhengyi Investment Co. Ltd.*(東莞市正易投資有限公司) by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. (深圳市中集產城發展集團有限公司) and the joint development of Dongguan Tianbao Project
The 9th meeting in 2018 of the 8th session	28 October 2018	Opinion on auditing the third quarterly financial report of 2018
The 10th meeting in 2018 of the 8th session	19 December 2018	Review opinion on participation in right issue of TSC Group Holdings Limited
The 11th meeting in 2018 of the 8th session	21 December 2018	Nil

## Chapter XI

**Corporate Governance and Corporate Governance Report****(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. Wang Yuhang 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.

**Corporate Governance and Corporate Governance Report****(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.

**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. Liu Chong, Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert.

Member of the Risk Management Committee	Time of attendance in person	Time of attendance by proxy
Mr. Hu Xianfu (chairman)	2	0
Mr. Liu Chong (member)	2	0
Mr. Pan Chengwei (member)	2	0
Mr. Pan Zhengqi (member)	2	0
Mr. Wong Kwai Huen, Albert (member)	2	0

## Chapter XI

**Corporate Governance and Corporate Governance Report**

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

During the Reporting Period, the Risk Management Committee held 2 meetings.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2018 of the 8th session	27 March 2018	1. Risk Management Committee's opinion on matters concerning the 1st meeting in 2018
The 2nd meeting in 2018 of the 8th session	21 December 2018	Nil

**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.

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 6 general meetings, including: 4 general meetings, 1 A Shareholders' class meeting and 1 H Shareholders' class meeting.



**Corporate Governance and Corporate Governance Report****2. Attendance of the Directors at the General Meetings**

Position	Name	General meeting attended	6 general meetings convened in this year	
			Time of attendance	Attendance rate(%)
Chairman, non-executive director	Wang Hong	Annual general meeting for 2017	1	16.67
Vice chairman, non-executive director	Wang Yuhang		0	0
Executive Director, CEO and president	Mai Boliang	Annual general meeting for 2017	1	16.67
Non-executive director	Hu Xianfu		0	0
Non-executive director	Liu Chong	Annual general meeting for 2017	1	16.67
Independent non-executive director	Pan Chengwei	Annual general meeting for 2017, the 3rd extraordinary general meeting for 2018	2	33.33
Independent non-executive director	Pan Zhengqi	Annual general meeting for 2017, the 2nd extraordinary general meeting for 2018, the first A, H shareholders' class meeting for 2018, the 3rd extraordinary general meeting for 2018	5	83.33
Independent non-executive director	Wong Kwai Huen, Albert	the 1st extraordinary general meeting for 2018, annual general meeting for 2017, the 2nd extraordinary general meeting for 2018, the first A, H shareholders' class meeting for 2018, the 3rd extraordinary general meeting for 2018	6	100

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

## Chapter XI

**Corporate Governance and Corporate Governance Report****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.

For details of changes of the Articles of Association of the Company during the Reporting Period, please refer to the circular of the Company dated 18 May 2018.

## Corporate Governance and Corporate Governance Report

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. For the contact information of the Company Secretary, please refer to the "Chapter I Corporate Profile" in this Report. Shareholders may also submit enquiries and proposals to the Company through the following:

By phone: (86 755) 2680 2706

By fax: (86 755) 2682 6579

By post: CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC

Postal code: 518067

By email: shareholder@cimc.com

### 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 12 November 2018, as approved by the 3rd extraordinary general meeting of the Company for 2018, Mr. Zhang Mingwen resigned due to change in work arrangements, while Mr. Lin Feng was appointed as the supervisor representing Shareholders for the 8th session of the Supervisory Committee.

### 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 2018 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 2018, please refer to "Chapter XIII Auditor's Report" of this Report.

## Chapter XI

**Corporate Governance and Corporate Governance 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.

**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 2018, 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 2018, 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 2018, 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 2018, 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.

**Corporate Governance and Corporate Governance Report****10. RISK MANAGEMENT AND INTERNAL CONTROL****(1) The Risk Management and Internal Control System of the Company and its Characteristics**

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. This system consists of five parts, namely risk management strategy, working system of risk management, security system of risk management, information system of risk management and risk management culture. The inter-dependence and synergy among each part assure the effectiveness of system operations.

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 and the risk tolerance 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 system. 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 Group.

During the Reporting Period, based on its risk control status quo, the Company further strengthened and implemented the comprehensive risk management, servicing the strategical development needs of the Company, complying with the external regulatory requirements, and drawing lessons from the successful experience on comprehensive risk management of domestic excellent enterprises. Through the practice and innovation, the Company has gradually improved the comprehensive risk management system and operational mechanism with its own characteristics.

In 2018, the trade frictions between China and the United States exposed the global economic and trade activities to many uncertain factors. In accordance with the management requirements of the Board on "Risk Control is the First", the Company continuously strengthened the internal control system, improved the risk control and management system, implemented the accountability of cadres, and focused on preventing major risks. As of the Report Date, the Company's major risks were under control. During the Reporting Period, the Company continued to fully implement the internal control system construction for new enterprises that had been purchased or set up for one year. The Company also introduced new key internal control measures, such as internal control flight inspection, check-list self-inspection, compliance rate review and panel risk review, to promote compliance of enterprises at all levels. The Company also established risk control systems, such as the "Performance Guidelines on Compliance for Directors, Supervisors and the General Manager" and the "Accountability Method for Responsibility Events", and introduced special risk guidances including project risk control. Also, through the combination of online and offline, the Company strengthened risk control learning and training, and carried out 63 project presentations and training on risk control throughout the year, with over 2800 people in total attending such presentations and training.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(2) Identification, Assessment and Response Procedures for Major Risks**

The Company attached importance to the identification, evaluation and screening of major risks, and actively promoted the response and resolution of major or key risks. To this end, the Company has optimized the risk identification procedures based on the historical experience and scientific predictions. Through complying with external regulatory requirements, collecting all kinds of risk loss events of the headquarters and member enterprises of the Company during the preceding three years, introducing significant risk events of external companies in the industry, as well as studying and judging the market and economic situation, the Company identified the risks that it faced, updated and optimized the risk loss events library and the risk database, and promoted to carry out major risk assessment. To carry out the risk assessment procedures, risk management institutions draw up a risk assessment questionnaire according to the updated risk database and risk evaluation criteria, and distributed it to the management and key member companies of the Company at home and abroad for appraisal and rating, in order to determine the nature of inherent risks and residual risks and formulate an initial risk sequence. After the communication with key management of the Company, we finally determined the risk sequence. The Company conducted further research and interview on the top five risks in the confirmed risk sequence, in order to analyze the reasons, influence and solutions of the risks, formulate overall response measures and prepare an annual risk assessment report. The report will be submitted to the Board for approval.

The Company established a comprehensive response procedure for major risks. 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. In addition, the Company further strengthened and improved the risk control coordination mechanism among functional departments and between departments and member enterprises, and strengthened the risk information resource sharing, risk analysis and response management among departments and between departments and member enterprises.

**(3) Procedures for Reviewing the Effectiveness of Risk Management and Internal Control System and Solving the Serious Deficiency in Internal Control**

The Company has carried out reviews on the effectiveness of risk management and internal control system. The review procedure includes annual risk assessment, supervision on the construction of risk management and internal control system, flight inspection, compliance check, internal audit, supervision on the management, handling of complaints and reports, annual self-assessment on internal control, in an effort to identify internal control defects and implement rectification in a timely manner. During the Reporting Period, the Company completed over 73 reviews. The targets of the reviews were the domestic and overseas members of the Group. Through the reviews on the system, the Company has continuously improved the risk management and internal control system.

**Corporate Governance and Corporate Governance Report****(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. During the Reporting Period, the Company has completed at least three reviews on the effectiveness of the system and 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](http://www.cimc.com). You may access such information by following these steps:

1. Go to the Company's homepage, find and click "Investor relationship";
2. Click "Corporate Governance"; and
3. Finally, 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.
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 first interest payment date of renewable corporate bonds, "18 Haiji Y1", will be 5 December 2019. 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 2018 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.						



## Chapter XII 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
------	----------------------------	------------------	---	---------	-----------	----------------	---------------

#### 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
------	--	------------------	--

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
---	----------------

### III. USE OF PROCEEDS FROM BOND OFFERING

Use of proceeds from and procedures to be fulfilled in bond offering	Withdrew and utilized in according to the relevant required process of the Company, and used for the purposes as stipulated by the prospectus.
Year-end balance (RMB 10 thousand)	0.00
Operation of special account for the funds raised	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 is consistent with the commitments, the planned use and other agreements in the prospectus.

### IV. CORPORATE BOND RATING

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" (《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》) on 19 November 2018 · the credit rating of the Bonds is AAA, and the main credit rating of the Issuer is AAA.

The debt financing instruments issued by the Company in the interbank bond market were all ranked AAA with no difference existed.

China Chengxin Securities Rating Co., Ltd. is expected to issue a tracking rating report by the end of June 2019, and rating results will be published on the website of Shenzhen Stock Exchange and the website of China Chengxin Securities Rating Co., Ltd. to remind investors for concern.

## Chapter XII Corporate Bonds

### 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".

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

### 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

During the Reporting Period, China Merchants Securities Co., Ltd., which is the trustee for "18 Haiji Y1", strictly performed the relevant obligations as the trustee of bonds according to relevant rules and agreements such as the "Bond Trustee Agreement", and disclosed reports on temporary trusteeships on Shenzhen Stock Exchange on 13 February 2019. During the Reporting Period, while performing the responsibilities of bonds trustee management, the trustee had no conflict of interests with the issuer.

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.

Report on the Trusteeship for the Year 2018 of "18 Haiji Y1" will be published on the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) by 30 June 2019 to remind investors for concern.

Chapter XII  
**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	2018	2017	Percentage of change
EBITDA	10,868,152	7,901,213	37.55%
Current ratio	1.11	1.15	(2.93%)
Gearing ratio	67.02%	66.89%	0.13%
Quick ratio	0.74	0.77	(3.99%)
Debt-to-EBITDA ratio	0.17	0.15	14.63%
Interest coverage ratio	3.31	3.34	(0.78%)
Cash interest coverage ratio	1.65	3.35	(50.73%)
EBITDA interest coverage ratio	4.18	4.74	(11.92%)
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

During the Reporting Period, the main reasons for the change in EBITDA and cash interest coverage ratio over 30% were: the total profit increased substantially over the same period of last year and the land premium of the Group's Shanghai Baoshan project has been included in the cash paid for goods and services, resulting in the decrease of net cash flow from operating activities.

Chapter XII  
**Corporate Bonds**

## 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 2018 are as follow:

Unit: Year, RMB100 million, %

Bond name	Value date	Maturity date	Offering period	Offering size	Current balance	Coupon rate
18 Haiji Y1	5 December 2018	5 December 2021	3+N	20	20	4.85
18 Hai Yun Ji Zhuang SCP005	26 November 2018	25 May 2019	0.49	10	10	3.12
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
16 Hai Yun Ji Zhuang MTN003	17 October 2016	17 October 2019	3+N	20	20	3.89
16 Hai Yun Ji Zhuang MTN002	22 August 2016	22 August 2019	3	25	25	3.15
16 Hai Yun Ji Zhuang MTN001	11 August 2016	11 August 2019	3	35	35	3.07

Chapter XII  
**Corporate Bonds**

## X. BANK CREDIT, USE OF BANKING FACILITIES AND REPAYMENT OF BANK LOANS DURING THE REPORTING PERIOD

As at 31 December 2018, the Company accumulatively obtained total bank facility of RMB160.999 billion, out of which RMB69.032 billion was utilized, and the balance of facility amounted to RMB91.967 billion. During the Reporting Period, the Company has repaid all bank loans on time without extension and reduction.

Table: Banking facilities of the Company as at 31 December 2018

Unit: RMB100 million

No.	Name of bank	Bank facility	Facility utilized	Balance of facility
1	Bank of China	324	138.92	185.08
2	China Development Bank	218.90	120.04	98.86
3	China CITIC Bank	150	4.21	145.79
4	China Construction Bank	150	79.28	70.72
5	Agricultural Bank of China	131.57	31.73	99.84
6	China Merchant Bank	104	23.07	80.93
7	The Export-Import Bank of China, etc.	531.52	293.07	238.45
	<b>Total</b>	<b>1,609.99</b>	<b>690.32</b>	<b>919.67</b>

## 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".

## Chapter XII

### Corporate Bonds

#### XII. MAJOR ISSUES OCCURRED DURING THE REPORTING PERIOD

During the Reporting Period, the Company's accumulated new borrowing exceeded 20% of the net asset of the end of last year. For more Details, please refer to the "Announcement on the Accumulated New Borrowing of China International Marine Containers (Group) Co., Ltd. of the Current Year Exceeds 20% of the Net Asset of the End of Last Year\*" (《中國國際海運集裝箱(集團)股份有限公司當年累計新增借款超過上年末淨資產的百分之二十的公告》)" published on Cninfo website (www.cninfo.com.cn) as at 31 January 2019.

During the Reporting Period, CIMC Enric Investment Holdings (Shenzhen) Ltd.\* (中集安瑞科投資控股(深圳)有限公司), a subsidiary of the Company, involved in a significant litigation. For more Details, please refer to the "Announcement on the Significant Litigation Against its Subsidiary of China International Marine Containers (Group) Co., Ltd. \* (《中國國際海運集裝箱(集團)股份有限公司關於子公司重大訴訟的公告》)" published on Cninfo website (www.cninfo.com.cn) as at 31 January 2019.

#### XIII. GUARANTOR FOR THE CORPORATE BOND

Yes     No

## Chapter XIII Auditor's Report



普华永道

PwC ZT Shen Zi (2019) No.10036  
(Page 1 of 9)

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 2018;
- 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 2018, 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 finance lease receivables
3. Impairment of goodwill allocated to the energy, chemicals and liquid food equipment asset group, the airport equipment asset group, the offshore engineering asset group, and the heavy truck asset group
4. Impairment of fixed assets

Chapter XIII  
**Auditor's Report**

PwC ZT Shen Zi (2019) No.10036  
 (Page 2 of 9)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. <b>Impairment of relevant assets in the offshore engineering asset group</b></p> <p>Refer to Note II.11 – Accounting policy of inventories, Note II.20 – Accounting policy of impairment of long-term assets, Note II.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, and Note IV.7 – Inventories and Note IV.19 – Construction in progress to the financial statements.</p> <p>As at 31 December 2018, the carrying amount of offshore engineering project in inventories amounted to RMB4,082,645,000, the carrying amount of offshore engineering equipment in fixed assets amounted to RMB6,398,496,000, the carrying amount of vessels under construction in construction in progress amounted to RMB22,763,292,000, and the carrying amount of goodwill allocated to offshore engineering asset group amounted to nil (after provision).</p> <p>Management has engaged an independent external valuer to perform a 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 RMB860,597,000 towards offshore engineering project in inventories, RMB174,483,000 towards offshore engineering equipment in fixed assets, RMB991,561,000 towards vessels under construction and RMB153,723,000 towards goodwill allocated to offshore engineering asset group have been recognized during the year ended 31 December 2018 in the consolidated income statement.</p> <p>Net realisable value of inventories is reviewed by the management at the balance sheet date, and as a result, provision for impairment of inventory is recognised for the excess of inventories' carrying amounts over their net realisable value. Net realisable value is 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>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We evaluated and validated the effectiveness of internal controls regarding impairment assessment of relevant assets in offshore engineering asset group, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We evaluated the competency, professionalism and objectivity of the independent external valuer.</li> <li>– We performed the following procedures on net realisable value of inventories:               <ol style="list-style-type: none"> <li>(1) We, based on our industry experience, compared the estimated selling price used by the management against the evaluation results issued by the independent external valuer to independently assess the future market trend that the management considers when estimating the selling price, including the possible changes in future rentals, utilisation rates and future cost.</li> <li>(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.</li> </ol> </li> <li>– We obtained the impairment test worksheets provided by the management and performed the following procedures on testing the recoverable amount of construction in progress:               <ol style="list-style-type: none"> <li>(1) We tested the mathematical accuracy of the calculations.</li> <li>(2) We evaluated the valuation model used in management testing by involving our internal valuation experts.</li> <li>(3) We compared management's forecast of 2018 in 2017 impairment test worksheet against the actual performance in 2018 to check whether there is management bias in the impairment assessment process.</li> <li>(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, market demand, and the peak and lowest levels of historical rental of platforms in the current open market and of the Group's similar platforms.</li> </ol> </li> </ul>



Chapter XIII  
**Auditor's Report**

PwC ZT Shen Zi (2019) No.10036  
 (Page 3 of 9)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. <b>Impairment of relevant assets in offshore engineering asset group (Continued)</b></p> <p>At the balance sheet date, the management assessed whether there was any indication that the construction in progress was 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 a 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>For the management's impairment identification and assessment process of goodwill allocated to offshore engineering asset group and offshore engineering equipment in fixed assets, please refer to Key Audit Matter 3 and 4.</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>(5) We checked the construction contracts to assess the rationality of future capital cost.</p> <p>(6) We evaluated the discount rates by involving our internal valuation experts.</p> <p>(7) We performed sensitivity test on future rentals, utilisation rates and discount rates.</p> <p>– For how our audit addressed the impairment provision of goodwill allocated to offshore engineering asset group and offshore engineering equipment in fixed assets, please refer to Key Audit Matter 3 and 4.</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>

Chapter XIII  
Auditor's Report

PwC ZT Shen Zi (2019) No.10036  
(Page 4 of 9)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>2. <b>Impairment of accounts receivables and finance lease receivables</b></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.4(2) – Accounts receivables, Note IV.10 – Current proportion of non-current assets and Note IV.15 – Long-term receivables to the financial statements.</p> <p>As at 31 December 2018, the carrying amount of accounts receivables of the Group in the consolidated financial statements amounted to RMB17,895,919,000; the carrying amount of finance lease receivables in net long-term receivables (including those due within one year) of the Group in the consolidated financial statements amounted to RMB19,057,404,000, together representing approximately 23% of the Group's total assets. In 2018, the Group recognised provision of RMB98,546,000 and RMB178,329,000 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 finance lease receivables in 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"> <li>– We performed the following procedures on the impairment of accounts receivables: <ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> <li>(3) We assessed the rationality of management's measurement of expected credit losses by examining subsequent settlements, taking into account of the customer's credit history, business performance and financial capability, and the industry trend and market development.</li> </ul> </li> <li>– We performed the following procedures on the impairment of finance lease receivables in long-term receivables: <ul style="list-style-type: none"> <li>(1) We evaluated and validated the effectiveness of internal controls over the assessment of the expected credit losses of finance lease receivables, including management's review and approval of key assumptions adoption.</li> <li>(2) With the assistance of our internal credit model experts, we evaluated 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; we also evaluated the reasonableness of determination of macroeconomic scenario and weight allocation by comparing with industry standards.</li> <li>(3) We examined the management's analysis on the value of the leased property, and financial condition of the lessee and the guarantor, on a sample basis.</li> </ul> </li> </ul> <p>Based on our work performed, we found that management's key assumptions on impairment test of accounts receivables and finance lease receivables were supported by the evidence we gathered.</p>

Chapter XIII  
Auditor's Report

PwC ZT Shen Zi (2019) No.10036  
(Page 5 of 9)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>3. <b>Impairment of goodwill allocated to the energy, chemicals and liquid food equipment asset group, the airport equipment asset group, the offshore engineering asset group, and the heavy truck asset group</b></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.21 – Goodwill to the financial statements.</p> <p>As at 31 December 2018, the carrying amount of goodwill of the Group in the consolidated financial statements amounted to RMB1,954,985,000, among which RMB1,019,571,000 was allocated to the energy, chemicals and liquid food equipment asset group, RMB173,927,000 was allocated to the airport equipment asset group, nil was allocated to the offshore engineering asset group (after provision), and nil was allocated to the heavy truck asset group (after provision). In 2018, the Group made a provision of RMB17,087,000, nil, RMB153,723,000, and RMB38,815,000 towards goodwill allocated to the energy chemicals and liquid food equipment asset group, the airport equipment asset group, the offshore engineering asset group, and the heavy truck asset group respectively, 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"> <li>– We evaluated and validated the effectiveness of the internal controls regarding goodwill impairment test, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We obtained management's worksheets of impairment of goodwill allocated to the energy, chemicals and liquid food equipment asset group, the airport equipment asset group, the offshore engineering asset group, and the heavy truck asset group.</li> <li>– We assessed whether the goodwill is allocated to the relevant asset groups or combination of asset groups in a reasonable way.</li> <li>– We tested the mathematical accuracy of the calculations.</li> <li>– We compared management's forecast of 2018 in 2017 goodwill impairment worksheets against the actual performance in 2018 to check whether there is management bias in the goodwill impairment assessment process.</li> <li>– 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.</li> <li>– We evaluated the discount rates by involving our internal valuation experts.</li> <li>– We performed sensitivity test on gross margins and discount rates.</li> </ul> <p>Based on our work performed, we found that management's key assumptions in goodwill impairment test for asset groups above were supported by the evidence we gathered.</p>

Chapter XIII  
**Auditor's Report**

PwC ZT Shen Zi (2019) No.10036  
 (Page 6 of 9)

## KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4. Impairment of fixed assets</b></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.18 – Fixed assets to the financial statements.</p> <p>As at 31 December 2018, the carrying amount of fixed assets of the Group in the consolidated financial statements amounted to RMB23,180,408,000. In 2018, the Group made a impairment provision for fix assets of RMB199,186,000 in the consolidated income statement.</p> <p>At the balance sheet date, the management assessed whether there was any indication that the fixed assets were impaired and further impairment test would be performed for those with impairment indicators. If the result of the impairment test indicates the recoverable amount of a fixed asset or asset group is less than its book value, the difference shall be accounted for as impairment loss and included in the impairment loss. The recoverable amount is the higher of an asset or asset group's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset or asset group.</p> <p>In 2018, the impairment indicators existed for those fixed assets from the subsidiaries of the Group (including those in the offshore engineering industry) that suffered from losses, few profits or even production halts. The management assessed the impairment based on asset usage plans by using the fair value less cost to sell method and the present value of the future cash flows method, respectively. The key assumptions in estimating the recoverable amount include the determination of asset group, the prediction of disposed value and expense of disposal; the key assumptions in the present value of the future cash flows method 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 assumptions of assessing the impairment of fixed assets.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We understood, evaluated and validated the effectiveness of internal controls regarding fixed assets impairment test, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We performed independent assessment, on a sample basis, to determine whether the group of assets is the smallest group of assets that is able to generate independent cash inflows.</li> <li>– We obtain the fixed assets impairment test worksheets for those with impairment indicators. For those adopted the present value of the future cash flows method, we tested the accuracy of the calculation, on a sample basis, further performed the following procedures:               <ol style="list-style-type: none"> <li>(1) We compared management's forecast of 2018 in 2017 fixed assets impairment test worksheet against the actual performance in 2018 to check whether there is management bias in the fixed assets impairment assessment process.</li> <li>(2) 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.</li> <li>(3) We evaluated the discount rates by involving our internal valuation experts.</li> <li>(4) We performed sensitivity test on gross margins and discount rates.</li> </ol> </li> <li>– For the fair value less cost to sell method, we assessed the rationality by comparing the estimated disposal value of the fixed assets and realisation rate against the market price of similar assets.</li> </ul> <p>Management's key assumptions adopted in the fixed assets impairment test are in the acceptable range.</p>

## Chapter XIII Auditor's Report

PWC ZT Shen Zi (2019) No.10036  
(Page 7 of 9)

### OTHER INFORMATION

Management of CIMC is responsible for the other information. The other information comprises all of the information included in 2018 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 THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing CIMC's financial reporting process.

## Chapter XIII Auditor's Report

PwC ZT Shen Zi (2019) No.10036  
(Page 8 of 9)

### 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, structure and content of the financial statements, including the disclosures, 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 those charged with governance 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 those charged with governance 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.

Chapter XIII  
**Auditor's Report**PWC ZT Shen Zi (2019) No.10036  
(Page 9 of 9)**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**  
(Continued)

From the matters communicated with those charged with governance, 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

---

Zhou Wei Ran  
(Engagement Partner)Shanghai, the People's Republic of China  
27 March 2019

Certified Public Accountant

---

Cai Zhi Feng

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

As at 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2018	31 December 2017	1 January 2017
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash at bank and on hand	IV.1	9,729,152	5,596,314	6,325,998
Financial assets held for trading	IV.2	193,676	–	–
Financial assets at fair value through profit or loss	IV.2	–	194,880	141,160
Derivative financial assets	IV.3	49,055	–	–
Notes and accounts receivables	IV.4	19,319,466	17,773,590	13,062,266
Advances to suppliers	IV.6	6,861,297	2,147,721	2,165,982
Other receivables	IV.5	11,276,144	8,283,236	9,399,096
Inventories	IV.7	27,335,324	19,258,327	17,409,515
Contract assets	IV.8	1,514,348	–	–
Assets held for sale	IV.9	197,874	235,309	203,847
Current portion of non-current assets	IV.10	4,387,886	4,314,250	3,941,689
Other current assets	IV.11	1,038,737	1,198,296	702,478
<b>Total current assets</b>		<b>81,902,959</b>	<b>59,001,923</b>	<b>53,352,031</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss	IV.2	–	318,534	325,187
Other debt investments	IV.12	30,581	–	–
Available-for-sale financial assets	IV.13	–	441,581	442,726
Long-term receivables	IV.15	13,874,369	12,880,540	13,220,242
Long-term equity investments	IV.16	3,569,900	2,398,495	2,162,217
Other equity investments	IV.13	984,155	–	–
Other non-current financial assets	IV.14	332,081	–	–
Investment properties	IV.17	1,966,277	1,679,189	1,752,608
Fixed assets	IV.18	23,188,737	23,088,682	22,167,311
Construction in progress	IV.19	24,164,814	22,194,585	22,769,189
Intangible assets	IV.20	4,660,847	4,711,244	4,654,757
Development expenditures	IV.20	99,062	67,399	49,990
Goodwill	IV.21	1,954,985	2,112,445	2,127,893
Long-term prepaid expenses	IV.22	322,175	205,239	246,574
Deferred tax assets	IV.23	1,441,267	1,416,637	1,257,670
Other non-current assets	IV.24	391,754	87,886	86,353
<b>Total non-current assets</b>		<b>76,981,004</b>	<b>71,602,456</b>	<b>71,262,717</b>
<b>TOTAL ASSETS</b>		<b>158,883,963</b>	<b>130,604,379</b>	<b>124,614,748</b>



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

As at 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	31 December 2018	31 December 2017	1 January 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	IV.27	19,898,221	15,317,347	15,729,787
Financial liabilities at fair value through profit or loss	IV.28	–	3,025	141,806
Derivative financial liabilities	IV.3	342,726	–	–
Notes and accounts payables	IV.29	15,100,613	14,001,767	11,712,533
Advances from customers	IV.30	132,001	4,624,088	3,780,694
Contract liabilities	IV.31	7,252,088	–	–
Employee benefits payable	IV.32	3,096,818	2,713,482	2,115,108
Taxes payable	IV.33	2,194,085	1,363,986	1,092,030
Other payables	IV.34	9,336,513	7,486,768	5,474,194
Liabilities held for sale	IV.9	–	14,906	–
Provisions	IV.35	1,083,274	1,214,904	847,429
Current portion of non-current liabilities	IV.36	14,075,601	4,085,579	3,667,872
Other current liabilities	IV.37	1,024,221	595,907	1,687,762
<b>Total current liabilities</b>		<b>73,536,161</b>	<b>51,421,759</b>	<b>46,249,215</b>
<b>Non-current liabilities:</b>				
Financial liabilities at fair value through profit or loss	IV.28	–	37,807	61,235
Long-term borrowings	IV.38	25,769,773	24,140,168	27,023,222
Debentures payable	IV.39	2,019,275	7,986,500	7,986,500
Including: Perpetual bonds		–	1,986,500	1,986,500
Long-term payables	IV.40	236,591	361,396	539,076
Deferred income	IV.41	971,593	846,232	839,738
Deferred tax liabilities	IV.23	1,836,128	801,337	657,414
Other non-current liabilities	IV.42	2,111,454	1,771,746	2,123,556
<b>Total non-current liabilities</b>		<b>32,944,814</b>	<b>35,945,186</b>	<b>39,230,741</b>
<b>Total liabilities</b>		<b>106,480,975</b>	<b>87,366,945</b>	<b>85,479,956</b>
<b>Shareholders' equity</b>				
Share capital	IV.43	2,984,989	2,982,889	2,978,577
Other equity instruments	IV.44	4,007,545	2,033,043	2,049,035
Including: Perpetual bonds		4,007,545	2,033,043	2,049,035
Capital reserve	IV.45	4,128,400	4,209,663	3,126,585
Other comprehensive income	IV.46	838,711	219,303	357,341
Surplus reserve	IV.47	3,282,585	3,281,535	3,279,379
Undistributed profits	IV.48	22,082,769	19,734,494	17,495,053
Total equity attributable to shareholders and other equity holders of the Company		37,324,999	32,460,927	29,285,970
Minority interests		15,077,989	10,776,507	9,848,822
<b>Total shareholders' equity</b>		<b>52,402,988</b>	<b>43,237,434</b>	<b>39,134,792</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>158,883,963</b>	<b>130,604,379</b>	<b>124,614,748</b>

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 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

**BALANCE SHEET**

	Note	31 December 2018	31 December 2017	1 January 2017
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash at bank and on hand	XVI.1	1,745,889	1,366,876	2,660,222
Derivative financial assets		4,734	–	–
Other receivables	XVI.2	25,239,000	18,115,511	17,887,234
Other current assets		441	5,771	9,272
<b>Total current assets</b>		<b>26,990,064</b>	<b>19,488,158</b>	<b>20,556,728</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets	XVI.3	–	388,905	388,905
Other equity investments	XVI.3	689,273	–	–
Long-term equity investments	XVI.4	11,471,599	9,583,886	9,375,276
Fixed assets	XVI.5	137,939	144,248	102,372
Construction in progress		93,894	56,326	844
Intangible assets		13,949	14,207	14,466
Long-term prepaid expenses		18,867	29,627	40,730
Deferred tax assets	XVI.12	90,569	73,140	52,280
<b>Total non-current assets</b>		<b>12,516,090</b>	<b>10,290,339</b>	<b>9,974,873</b>
<b>TOTAL ASSETS</b>		<b>39,506,154</b>	<b>29,778,497</b>	<b>30,531,601</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

As at 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## BALANCE SHEET (CONTINUED)

	Note	31 December 2018	31 December 2017	1 January 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	XVI.6	6,235,000	350,000	2,710,000
Financial liabilities at fair value through profit or loss		–	614	65
Employee benefits payable		367,011	291,949	205,760
Taxes payable	XVI.7	15,513	3,094	3,646
Other payables	XVI.8	2,523,517	4,739,876	3,066,559
Provisions		–	102,524	79,104
Current portion of non-current liabilities	XVI.9	8,886,500	1,095,000	800,000
Other current liabilities	IV.37	1,000,000	–	–
<b>Total current liabilities</b>		<b>19,027,541</b>	<b>6,583,057</b>	<b>6,865,134</b>
<b>Non-current liabilities:</b>				
Financial liabilities at fair value through profit or loss		–	–	3,296
Long-term borrowings	XVI.10	1,753,000	1,322,000	1,621,000
Debentures payable	XVI.11	2,000,000	7,986,500	7,986,500
Including: Perpetual bonds		–	1,986,500	1,986,500
Deferred income		18,569	25,171	37,429
<b>Total non-current liabilities</b>		<b>3,771,569</b>	<b>9,333,671</b>	<b>9,648,225</b>
<b>Total liabilities</b>		<b>22,799,110</b>	<b>15,916,728</b>	<b>16,513,359</b>
<b>Shareholders' equity</b>				
Share capital	IV.43	2,984,989	2,982,889	2,978,577
Other equity instruments	IV.44	4,007,545	2,033,043	2,049,035
Including: Perpetual bonds		4,007,545	2,033,043	2,049,035
Capital reserve	XVI.13	3,337,205	3,330,895	3,287,149
Other comprehensive income	XVI.14	344,122	43,754	43,754
Surplus reserve	IV.47	3,282,585	3,281,535	3,279,379
Undistributed profits	XVI.15	2,750,598	2,189,653	2,380,348
<b>Total equity attributable to shareholders and other equity holders</b>		<b>16,707,044</b>	<b>13,861,769</b>	<b>14,018,242</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>39,506,154</b>	<b>29,778,497</b>	<b>30,531,601</b>

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 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

## CONSOLIDATED INCOME STATEMENT

	Note	2018	2017
<b>I. Revenue</b>	IV.49	93,497,622	76,299,930
Less: Cost of sales	IV.49	79,586,408	62,292,715
Taxes and surcharges	IV.50	955,557	516,723
Selling and distribution expenses	IV.51	1,744,260	2,926,718
General and administrative expenses	IV.52	5,158,990	4,830,325
Research and development expenses	IV.53	993,416	651,729
Financial expenses	IV.54	1,158,896	1,446,321
Including: Interest expenses		1,928,060	1,148,626
Interest income		590,292	227,261
Asset impairment losses	IV.60	2,425,624	671,341
Credit losses	IV.61	304,550	–
Add: Other income	IV.59	386,822	472,626
Investment (losses)/income	IV.57	(82,029)	510,351
Including: Share of profit of associates and joint ventures		166,415	30,675
Fair value (losses)/gains	IV.56	(239,620)	111,316
Gains on disposals of assets	IV.58	5,241,911	113,334
<b>II. Operating profit</b>		6,477,005	4,171,685
Add: Non-operating income	IV.62	374,891	622,421
Less: Non-operating expenses	IV.63	168,338	384,865
<b>III. Profit before income tax</b>		6,683,558	4,409,241
Less: Income tax expenses	IV.64	2,615,103	1,250,826
<b>IV. Net profit</b>		4,068,455	3,158,415
Classified by business continuity			
Net profit from continuing operations		4,068,455	3,158,415
Net profit from discontinued operations		–	–
Classified by ownership			
Owners of the Company		3,380,436	2,509,242
Non-controlling interests		688,019	649,173

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year Ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	2018	2017
<b>V. Other comprehensive income, net of tax</b>	IV.46	263,110	(195,798)
Attributable to shareholders and other equity holders of the Company		163,064	(138,038)
Items that will not be reclassified to profit or loss		(172,827)	–
Changes in value of other equity investments		(172,827)	–
Items that may be reclassified subsequently to profit or loss		335,891	(138,038)
Changes in value of available-for-sale financial assets		–	568
Changes in value of other debt investments		1,599	–
Gain of cash flow hedges		(1,014)	3,654
Revaluation gain on the date of transfer from owner-occupied properties to investment properties		57,788	5,011
The share of other comprehensive income that will be reclassified into profit or loss in the equity method		–	16,448
Transfer of other comprehensive income from the sale of investment real estate		–	(39,086)
Currency translation differences		277,518	(124,633)
Minority interests		100,046	(57,760)
<b>VI. Total comprehensive income</b>		4,331,565	2,962,617
Attributable to shareholders and other equity holders of the Company		3,543,500	2,371,204
Minority interests		788,065	591,413
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB)	IV.65	1.11	0.81
Diluted earnings per share (RMB)	IV.65	1.10	0.81

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 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

**INCOME STATEMENT**

	Note	2018	2017
<b>I. Revenue</b>	XVI.16	346,019	331,166
Less: Cost of sales	XVI.16	–	1,452
Taxes and surcharges		5,507	1
General and administrative expenses		402,347	344,758
Research and development expenses		5,681	40,774
Financial (income)/expenses	XVI.17	(17,276)	690,060
Including: Interest expenses		698,019	537,640
Interest income		444,985	332,379
Asset impairment losses		88,086	–
Add: Other income		9,672	33,855
Investment Income	XVI.19	1,533,768	959,649
Including: Share of profit of associates and joint ventures		5,348	2,747
Fair value gains		25,471	30
<b>II. Operating profit</b>		1,435,933	250,402
Add: Non-operating income		1,360	7,408
Less: Non-operating expenses	XVI.20	8,353	199,564
<b>III. Profit before income tax</b>		1,428,940	58,246
Less: Income tax credits	XVI.21	(17,429)	(20,860)
<b>IV. Net profit</b>		1,446,369	79,106
Classified by business continuity			
Net profit from continuing operations		1,446,369	79,106
Net profit from discontinued operations		–	–
<b>V. Other comprehensive income, net of tax</b>	XVI.14	(150,976)	–
Items that will not be reclassified to profit or loss		(150,976)	–
Changes in value of other equity investments		(150,976)	–
<b>VI. Total comprehensive income</b>		1,295,393	79,106

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 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED CASH FLOW STATEMENT

	Note	2018	2017
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		90,161,165	76,044,774
Refund of taxes and surcharges		4,403,842	2,743,233
Cash received relating to other operating activities	IV.66(1)	1,674,340	1,881,378
<b>Sub-total of cash inflows</b>		<b>96,239,347</b>	<b>80,669,385</b>
Cash paid for goods and services		78,645,780	61,590,642
Cash paid to and on behalf of employees		8,454,783	6,210,535
Payments of taxes and surcharges		3,070,197	2,585,689
Cash paid relating to other operating activities	IV.66(2)	5,927,855	5,817,688
<b>Sub-total of cash outflows</b>		<b>96,098,615</b>	<b>76,204,554</b>
<b>Net cash inflows from operating activities</b>	IV.67(1)	<b>140,732</b>	<b>4,464,831</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		803,499	9,728,843
Cash received from returns on investments		28,898	58,824
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,096,788	986,733
Net cash received from disposal of subsidiaries	IV.67(3)	51,081	475,629
<b>Sub-total of cash inflows</b>		<b>2,980,266</b>	<b>11,250,029</b>
Cash paid to acquire fixed assets intangible assets and other long-term assets		4,846,517	1,707,232
Cash paid to acquire investments		2,479,482	10,748,209
Net cash paid to acquire subsidiaries	IV.67(2)	56,197	564,145
<b>Sub-total of cash outflows</b>		<b>7,382,196</b>	<b>13,019,586</b>
<b>Net cash outflows from investing activities</b>		<b>(4,401,930)</b>	<b>(1,769,557)</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year Ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 (English Translation for Reference Only)

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	Note	2018	2017
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		659,839	2,803,150
Including: Cash received from capital contributions by minority shareholders of subsidiaries		615,343	2,771,957
Cash received from borrowings		70,916,374	59,930,549
Cash received from issuing bonds		6,013,275	–
Cash received relating to other financing activities	IV.66(3)	1,898,559	16,474
<b>Sub-total of cash inflows</b>		<b>79,488,047</b>	<b>62,750,173</b>
Cash repayments of borrowings		66,659,284	62,807,109
Cash payments for distribution of dividends or profits and interest expenses		3,492,289	2,866,790
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		590,643	396,376
Cash payments relating to other financing activities	IV.66(4)	40,708	613,427
<b>Sub-total of cash outflows</b>		<b>70,192,281</b>	<b>66,287,326</b>
<b>Net cash inflows from financing activities</b>		<b>9,295,766</b>	<b>(3,537,153)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>55,328</b>	<b>(53,931)</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	IV.67(1)	<b>5,089,896</b>	<b>(895,810)</b>
Add: Cash and cash equivalents at the beginning of the year		5,442,857	6,338,667
<b>VI. Cash and cash equivalents at the end of the year</b>	IV.67(4)	<b>10,532,753</b>	<b>5,442,857</b>

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 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CASH FLOW STATEMENT

	Note	2018	2017
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		378,316	274,870
Cash received relating to other operating activities		418,004	2,023,758
<b>Sub-total of cash inflows</b>		<b>796,320</b>	<b>2,298,628</b>
Cash paid to and on behalf of employees		156,252	120,634
Payments of taxes and surcharges		19,181	2,787
Cash paid relating to other operating activities		10,226,607	646,230
<b>Sub-total of cash outflows</b>		<b>10,402,040</b>	<b>769,651</b>
<b>Net cash outflows from operating activities</b>	XVI.22	<b>(9,605,720)</b>	<b>1,528,977</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		500,000	9,500,000
Cash received from returns on investments		702,469	511,092
Net cash received from disposal of fixed assets		27,474	74
Net Cash received from disposal of subsidiaries		272,353	50
<b>Sub-total of cash inflows</b>		<b>1,502,296</b>	<b>10,011,216</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		46,626	110,485
Cash paid for investment		500,000	9,500,000
Net cash paid to acquire subsidiaries		518,246	81,616
Cash paid for other investment activities		-	58,000
<b>Sub-total of cash outflows</b>		<b>1,064,872</b>	<b>9,750,101</b>
<b>Net cash inflows from investing activities</b>		<b>437,424</b>	<b>261,115</b>
<b>III. Cash flows from financing activities</b>			
Cash received from investment		44,496	31,193
Cash received from borrowings		15,752,000	9,970,000
Cash received from issuing bonds		5,994,000	-
<b>Sub-total of cash inflows</b>		<b>21,790,496</b>	<b>10,001,193</b>
Cash repayments of borrowings		10,631,000	12,334,000
Cash payments for distribution of dividends or profits and interest expenses		1,578,575	806,492
Cash payments relating to other financing activities		27,391	30,960
<b>Sub-total of cash outflows</b>		<b>12,236,966</b>	<b>13,171,452</b>
<b>Net cash inflows from financing activities</b>		<b>9,553,530</b>	<b>(3,170,259)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>431</b>	<b>427</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	XVI.22	<b>385,665</b>	<b>(1,379,740)</b>
Add: Cash and cash equivalents at the beginning of the year		335,730	1,715,470
<b>VI. Cash and cash equivalents at the end of the year</b>	XVI.22	<b>721,395</b>	<b>335,730</b>

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 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2018							2017								
		Attributable to shareholders and other equity holders of the Company							Attributable to shareholders and other equity holders of the Company								
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance as at 31 December 2017		2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,776,507	43,237,434	2,978,577	2,049,035	3,124,585	357,341	3,279,379	17,495,053	9,948,822	39,134,792
Changes in accounting policies		-	-	-	456,344	-	(146,737)	(24,774)	284,831	-	-	-	-	-	-	-	-
II. Balance as at 1 January 2018		2,982,889	2,033,043	4,209,663	675,647	3,281,535	19,587,757	10,751,731	43,522,265	2,978,577	2,049,035	3,124,585	357,341	3,279,379	17,495,053	9,948,822	39,134,792
III. Movements for the year																	
(I) Total comprehensive income																	
1. Net profit		-	-	-	163,064	-	3,302,595	688,019	4,068,455	-	87,808	-	-	-	2,421,434	649,173	3,158,415
2. Other comprehensive income	IV/45	-	-	-	-	-	-	100,046	263,110	-	-	-	(138,038)	-	(57,760)	(195,798)	
Sub-total of 1&2		-	-	-	163,064	-	3,302,595	788,065	4,331,565	-	87,808	-	(138,038)	-	2,421,434	591,413	2,942,617
(II) Capital contribution and withdrawal by owners																	
1. Increase in capital reserve resulted from share option exercised by company	IV/43	-	-	25,167	-	-	-	-	27,267	4,312	43,746	-	-	-	-	-	48,068
2. Contributions by minority Shareholders	IV/45	-	-	(40,162)	-	-	-	195,447	155,285	-	1,001,904	-	-	-	985,173	-	1,987,077
3. Increase in minority interests resulted from acquisition or establishment of subsidiary		-	-	65,333	-	-	-	3,614,770	3,619,437	-	-	-	-	-	91,931	-	91,931
4. Decrease in capital reserve resulted from acquisition of minority interest	IV/45	-	-	(1,579)	-	-	-	(39,129)	(40,708)	-	(280,185)	-	-	-	(212,453)	-	(492,638)
5. Disposal of subsidiaries (without loss of control)	IV/45	-	-	(12,114)	-	-	-	84,819	72,705	-	4,849	-	-	-	7,131	-	12,000
6. Disposal of subsidiaries (lose control)	IV/45	-	-	-	-	-	-	(11,794)	(11,794)	-	-	-	-	-	75,746	-	75,746
7. Increase in capital reserve resulted from share option exercised by subsidiary	IV/45	-	-	(5,073)	-	-	-	23,995	18,922	-	(999)	-	-	-	17,273	-	16,474
8. Increase in shareholders' equity resulted from state-based payments	IV/2	-	-	20,578	-	-	-	9,382	29,960	-	10,789	-	-	-	5,535	-	16,324
9. Redemption right gained to minority Shareholders	IV/45	-	-	-	-	-	-	-	-	-	300,000	-	-	-	-	-	300,000
10. Issuance of other equity instruments	IV/44	-	3,981,604	-	-	-	-	-	3,981,604	-	-	-	-	-	-	-	-
11. Redemption of other equity instruments	IV/44	-	(1,981,143)	(18,857)	-	-	-	-	(2,000,000)	-	-	-	-	-	-	-	-
12. Others	IV/45	-	-	6,110	-	-	-	-	6,110	-	2,754	-	-	-	-	-	2,754
(III) Profit distribution																	
1. Appropriation to surplus reserves	IV/47	-	-	-	-	1,050	(1,050)	-	-	-	-	-	-	2156	(2,156)	-	-
2. Profit distribution to shareholders	IV/48	-	-	-	-	-	(806,533)	(399,297)	(1,205,830)	-	-	-	-	(179,837)	(634,064)	-	(813,901)
3. Interest paid on other equity instruments	IV/44	-	(103,800)	-	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	-	(103,800)
IV. Balance as at 31 December 2018		2,984,989	4,007,545	4,128,400	838,711	3,282,585	22,082,749	15,077,989	52,402,988	2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,776,507	43,237,434

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 2018  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Note	2018							2017						
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance as at 31 December 2017		2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769	2,978,577	2,049,035	3,287,149	43,754	3,279,379	2,380,348	14,018,242
Changes in accounting policies		-	-	-	451,344	-	-	451,344	-	-	-	-	-	-	-
II. Balance as at 1 January 2018		2,982,889	2,033,043	3,330,895	495,098	3,281,535	2,189,653	14,313,113	2,978,577	2,049,035	3,287,149	43,754	3,279,379	2,380,348	14,018,242
III. Movements for the year															
(I) Total comprehensive income															
1. Net profit		-	77,841	-	-	-	1,368,528	1,446,369	-	87,808	-	-	-	(8,702)	79,106
2. Other comprehensive income	XVII.14	-	-	-	(150,976)	-	-	(150,976)	-	-	-	-	-	-	-
Sub-total of I&2		-	77,841	-	(150,976)	-	1,368,528	1,295,393	-	87,808	-	-	-	(8,702)	79,106
(II) Capital contribution and withdrawal by owners															
1. Increase in shareholders' equity resulted from share-based payment	IX.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital reserve resulted from share option exercised by company	IV.43	2,100	-	25,167	-	-	-	27,267	4,312	-	43,746	-	-	-	48,058
3. Issuance of other equity instruments	IV.44	-	3,981,604	-	-	-	-	3,981,604	-	-	-	-	-	-	-
4. Redemption of other equity instruments	IV.44	-	(1,981,143)	(18,857)	-	-	-	(2,000,000)	-	-	-	-	-	-	-
(III) Profit distribution															
1. Appropriation to surplus reserves	IV.47	-	-	-	-	1,050	(1,050)	-	-	-	-	-	2,156	(2,156)	-
2. Profit distribution to shareholders	IV.48	-	-	-	-	-	(806,533)	(806,533)	-	-	-	-	-	(179,837)	(179,837)
3. Interest paid on other equity instruments	IV.44	-	(103,800)	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	(103,800)
IV. Balance as 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

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 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". The Registered Address and Address of Head Office of the company is 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

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**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
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.

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.

This financial statements have been approved for announcement by the Company’s Board of Directors on 27 March 2019.

**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 amortisation 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**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 2018 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 2018 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 recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 6. Preparation of consolidated financial statements

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

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

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

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



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****6. Preparation of consolidated financial statements (Continued)**

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

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 recognised 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 solds.

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income. 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 recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash presented separately in the cash flow statement.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments**

A financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other parties. When the Group becomes a party of a financial instrument contract, the relevant financial assets or financial liabilities are recognised.

**(1) Financial Assets****(a) Classification and measurement**

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 amortised 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 recognised 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 amortised cost:**

The Group's business model for managing such financial assets is to collect contractual cash flows, and the characteristics of contractual cash flows of such financial assets are consistent with basic lending and borrowing arrangements, namely the cash flows generated on a specific date are solely payments of principal and interest based on the outstanding principal amount. Interest income from these financial assets is included in financial income using the effective interest rate method. Such financial assets mainly 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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(1) Financial Assets (Continued)***(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 recognised in profit or loss. Such financial assets are presented as other debt investments. Other debt investments due within one year (including one year) 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 neither measured at amortised 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 recognised in current profit or loss.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(1) Financial Assets (Continued)****(b) Impairment**

The Group recognises loss provision based on expected credit losses for financial assets at amortised cost, debt investments at fair value through profit or loss, contract assets 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 recognised 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 amortised cost and the effective interest rate after the impairment provisions.

For notes and accounts receivables and contract assets, regardless of whether there is a significant financing component, the Group measures the allowance for that financial instrument at an amount equal to lifetime expected credit losses. The contract assets are related to the uninvoiced 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 9. Financial instruments (Continued)

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

##### (b) 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 business
Accounts Receivables Portfolio 2	Road transportation vehicles business
Accounts Receivables Portfolio 3	Energy, chemical and liquid food equipment business
Accounts Receivables Portfolio 4	Marine Engineering services
Accounts Receivables Portfolio 5	Airport facilities business
Accounts Receivables Portfolio 6	Heavy truck business
Accounts Receivables Portfolio 7	Logistics services
Accounts Receivables Portfolio 8	Other business

For the notes 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 of its entire lifetime.

For the accounts 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 calculates the expected credit losses through compiling a comparison table of the overdue days of accounts receivables and the expected credit loss rate of its entire lifetime.

For other receivables classified as a group, the Group refers to the historical credit losses experience, together with the current situation and the forecast of future economic conditions, and calculates the expected credit losses through the default risk exposure and the expected credit loss rate in the next 12 months or the 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 recognises 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 recognised in profit or loss.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(1) Financial Assets (Continued)***(c) Derecognition*

The Group derecognises 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 derecognised, the difference between its book balance and the combination of its received value and the accumulated amount of changes in fair value directly recognised in other comprehensive income is recognised in retained earnings; When other financial assets is derecognised, the difference between the sum of the consideration received and the cumulative amount of changes in fair value that is directly recognised in other comprehensive income originally is recognised in profit or loss.

**(2) Financial Liabilities**

Financial liabilities are classified into financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly measured at amortised 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 derecognises 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 recognised 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 amortisation 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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(3) 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 recognised at the date of the contract and are initially and subsequently measured at fair value. Derivatives are reflected as assets when its fair value is positive, and as liabilities when negative.

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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(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 recognised 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.

**(6) The following accounting policies related to financial instrument are applicable for 2017 (Note II.32)**

For the year of 2017, the Group's financial instruments include cash at bank and on hand, financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, payables, loans, borrowings and debentures payable.

**(a) Financial assets****i. Classification of financial assets**

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

**a. Financial assets at fair value through profit or loss**

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(6) The following accounting policies related to financial instrument are applicable for 2017 (Note II.32) (Continued)****(a) Financial assets (Continued)****i. Classification of financial assets (Continued)****b. Receivables**

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

**c. Available-for-sale financial assets**

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

**ii. Recognition and measurement**

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

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

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

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

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(6) The following accounting policies related to financial instrument are applicable for 2017 (Note II.32) (Continued)****(a) Financial assets (Continued)****iii. Impairment of financial assets**

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

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

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

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(6) The following accounting policies related to financial instrument are applicable for 2017 (Note II.32) (Continued)****(a) Financial assets (Continued)****iii. Impairment of financial assets (Continued)**

When an impairment loss on an available-for-sale financial asset has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows determined according to the market yield of similar financial assets and recognised in profit or loss. Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

**iv. Derecognition of financial assets**

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

1. the contractual rights to receive the cash flows from the financial asset expire;
2. the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee;
3. the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

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

Finance lease receivables are regarded as ordinary receivables when derecognised and impaired.

**(b) Financial liabilities**

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities.

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

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

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(6) The following accounting policies related to financial instrument are applicable for 2017 (Note II.32) (Continued)****(b) Financial liabilities (Continued)**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortisation recognised in the statement of income, and the amount of provision based on the principle of contingencies (see Note II.21).

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

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

**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 recognised 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 amortised 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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****11. Inventories (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 recognised in profit or loss as allowance for impairment of inventories.

**(4) Inventory system**

The Group maintains a perpetual inventory system.

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

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

**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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****12. Long-term equity investments (Continued)****(1) Determination of investment cost**

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

**(2) Subsequent measurement**

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital 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 recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****12. Long-term equity investments (Continued)****(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 an investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts fair value model to subsequently measure investment properties and don't provide depreciation or amortisation. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

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 recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed 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 recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income.

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

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 14. Fixed assets

#### (1) Recognition

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

The 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 recognised as a separate fixed asset.

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

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

#### (2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	Residual Period (years)	Depreciation value rate(%)	Depreciation rate (%)
Plants and buildings	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%	18%
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.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****14. Fixed assets (Continued)**

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

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

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

(5) **Disposal**

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

**15. Construction in progress**

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

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

**16. Borrowing costs**

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

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

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

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 16. Borrowing costs (Continued)

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

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

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

### 17. Intangible assets

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

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

	Amortisation periods (years)
Land use rights	20-50
Maritime space use rights	40-50
Technological know-how and trademarks	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 amortisation method is performed at each year-end, with adjustment made as appropriate.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At balance sheet date, an impairment test will be conducted.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****17. Intangible assets (Continued)**

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalised application, is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and to use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development expenditures previously recognised as expenses are not recognised as an asset in the subsequent period. Capitalised expenditure on the development phase is presented as development expenditures in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

**18. Goodwill**

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 19. Long-term prepaid expenses

Long-term prepaid expenses are amortised on a straight-line method within the beneficial period.

The amortisation periods for expensed are as follows:

Item	Amortisation period(years)
Rental	2-10
Others	3-5

### 20. Impairment of long-term assets

Fixed assets, construction in progress, 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or combination of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or combination of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset 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 recognised, it is not reversed in the subsequent period.

### 21. Provisions and contingent liabilities

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****21. Provisions and contingent liabilities (Continued)**

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The financial guarantee contract loss provisions recognised 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****22. Share-based payments (Continued)****(4) Accounting treatment for share-based payment****(a) Equity-settled share-based payments**

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

**(b) Cash-settled share-based payments**

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

**23. Revenue recognition**

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised 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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****23. Revenue recognition (Continued)**

For each performance obligation satisfied over time, the Group shall recognise 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 recognised according to the amount of costs incurred if the expenses incurred by the Group could be expected to be compensated, until the performance progress can be reasonably determined.

Revenue recognised at a point in time is determined when the customer obtains control of the goods and services.

**(1) Revenue from sales of goods**

Revenue is recognised 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 recognises 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 recognise the revenue after the customer accepts the goods, while overseas sales recognise 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) recognises revenue when obtaining buyer's acceptance receipts.

**(d) Real estate sales revenue**

Real estate sales revenue is recognised when the sale and purchase agreement is executed. When the property is sold in advance of completion, the relevant revenue will be recognised only after the development is completed and the property is delivered to the buyer.

The Group recognises 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 recognises corresponding provisions (Note IV.35). The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate performance obligation.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****23. Revenue recognition (Continued)****(2) Revenue from 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. As a consequence, 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 recognises 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: the revenue is recognised on the departure date (export) or arrival date (import) of the shipping; while land freight forwarding recognises the revenue when the goods arrive at the designated place, and as for shipping agent, revenue is recognised on the ship departure date.

When the Group recognises the income according to the progress of the completed services, the Group recognises 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 recognised 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 recognised 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 recognised as costs to fulfil a contract, and when revenue is recognised, 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 recognised as incremental costs of obtaining a contract. For costs of obtaining a contract with amortisation period of less than one year, it would be recognised in current profit or loss when it occurs; for costs of obtaining a contract with amortisation period of more than one year, it would be amortised in profit or loss on the basis of revenue recognition of the related contract. If the 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 recognises 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 amortisation period at the time of initial recognition is more than one year. For costs to fulfil a contract with a amortisation period at the time of initial recognition of more than one year, it is presented as inventory, while costs that with amortisation period of more than one year is presented as other non-current assets.



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****24. Employee benefits**

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 recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

**(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 recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

**(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 recognised as a liability and charged to profit or loss on the earlier one when the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

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

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****25. Government grants**

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration including refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. If a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable; the grant is measured at nominal amount.

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset 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 recognised 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 recognised 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 recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****26. Deferred tax assets and deferred tax liabilities (Continued)**

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- 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 classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

**(1) Assets acquired under operating leases**

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

**(2) Assets leased out under operating leases**

Fixed assets leased out under operating leases, except for investment properties (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****27. Leases (Continued)****(3) Assets acquired under finance lease**

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance lease, net of the unrecognised finance charges, are presented as long-term liabilities or current portion of non-current liabilities, respectively, in the balance sheet.

**(4) Assets leased out under finance lease**

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivables. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or current portion of non-current assets, respectively in the balance sheet. Please refer to Note II.9 for accounting policy on the derecognition and impairment of finance lease receivables.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****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 recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions:

- 1) It represents a separate major line of business or geographical area of operations;
- 2) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- 3) It is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

**29. Dividend distribution**

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****30. Related parties**

If a party has the power to control, jointly control or exercise significant influence over another party, or 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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

**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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****31. Segment reporting (Continued)**

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects:

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

**32. Significant changes in accounting policies**

In 2017, the Ministry of Finance revised the 'Accounting Standard for Business Enterprises No. 14-Revenue' (hereinafter referred to as "New Revenue Standard"), 'Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments', 'Accounting Standard for Business Enterprises No. 23-Transfer of Financial Instruments' and 'Accounting Standard for Business Enterprises No. 37-Presentation and Disclosure of Financial Instruments' (hereinafter collectively referred to as "New Financial Instruments Standard"), and released the 'Circular from the Ministry of Finance on Amendment to Formats of 2018 Financial Statements of General Industry' (Cai Kuai [2018] 15) and its interpretation. The financial statements are prepared in accordance with the above standards and circular, and impacts are as follows:



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (1) Modification of financial statements of general enterprise

(a) The impact on balance sheet and 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	
		2017.12.31	2017.1.1	2017.12.31	2017.1.1
The Group combines notes receivables and accounts receivables into notes and accounts receivables.	Accounts receivables	(16,396,726)	(11,526,075)	-	-
	Notes receivables	(1,376,864)	(1,536,191)	-	-
	Notes and accounts receivables	17,773,590	13,062,266	-	-
The Group combines interest receivable, dividends receivable and other receivables into other receivables items.	Interest receivable	(19,092)	(9,250)	-	-
	Dividends receivable	(4,408)	(41,959)	(4,918,369)	(4,755,818)
	Other receivables	23,500	51,209	4,918,369	4,755,818
The Group consolidated the fixed assets and disposal of fixed assets into fixed assets.	Fixed assets	147,661	130,050	1,117	-
	Disposal of fixed assets	(147,661)	(130,050)	(1,117)	-
The Group combines notes payables and accounts payables into notes and accounts payables.	Notes payables	(12,216,311)	(10,160,951)	-	-
	Accounts payables	(1,785,456)	(1,551,582)	-	-
	Notes and accounts payables	14,001,767	11,712,533	-	-
The Group combines interest payable, dividends payable and other payables into other payables.	Interest payable	(377,793)	(303,375)	(89,295)	(75,755)
	Dividends payable	(254,434)	(16,746)	-	-
	Other payables	632,227	320,121	89,295	75,755
The Group combines long-term payables and special payables into long-term payables.	Long-term payables	14,127	9,704	-	-
	Specific payables	(14,127)	(9,704)	-	-

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (1) Modification of financial statements of general enterprise (Continued)

(a) The impact on balance sheet and income statement is as follows: (Continued)

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected			
		the Group		the Company	
		2017.12.31	2017.1.1	2017.12.31	2017.1.1
The Group separately represents the research and development expenses originally included in the General and administrative expense.	General and administrative expenses Research and development expenses		651,729		40,774
		(651,729)			(40,774)

(b) The impact on cash flow statement is as follows:

The Group and the Company reclassify the amount of government grants related to assets from cash received related to other investing activities to cash received relating to other operating activities. The impact amount in 2017 is RMB189,452,000 and RMB2,880,000 respectively.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (2) Revenue

According to the relevant provision of the New Revenue Standard, the Group and the Company adjusted the opening retained earnings of 2018 and other related line items in the financial statements for the first time in implementation of the standard. The 2017 comparative financial statements were not restated.

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 1 January 2018 The Group
Due to the implementation of the New Revenue Standard, the Group changed the recognition of revenue of design project from recognised according to the progress of the performance to at the time of control transfer.	Inventories	18,719
	Notes and accounts receivables	(28,799)
	Deferred tax assets	2,520
	Undistributed profits	(5,192)
	Minority interests	(2,368)
Due to the implementation of the New Revenue Standard, the Group reclassify the accounts receivables that do not meet the unconditional collection rights, such as the provision of installation and engineering projects, to the contract assets (Note II.32(3)), and reclassify the related advances to contract liabilities.	Contract assets – original value	1,277,043
	Contract assets – impairment provision	32,714
	Inventories	(1,052,555)
	Accounts receivables – original value	(191,774)
	Contract liabilities	4,575,754
	Advances from customers	(4,575,754)

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (2) Revenue (Continued)

The implementation of the new standard has not affected any other related line item of the Company's 2018 financial statements.

Compared with the original revenue standard, the impact on the related items of 2018 financial statement of implementation of the New Revenue Standard is as follows:

	The amounts affected 31 December 2018 The Group
<b>The line items affected (Balance Sheet)</b>	
Contract assets	1,514,348
Accounts receivables	(226,149)
Inventories	(1,288,199)
Contract liabilities	7,252,088
Advances from customers	(7,252,088)
	The amounts affected 2018 The Group
<b>The line items affected (Income Statement)</b>	
Cost of sales	1,434,450
Selling and distribution expenses	(1,415,731)
Revenue	28,799
Income tax expenses	2,520
Net Profit	7,560
among: Equity attributable to shareholders and other equity holders of the Company	5,192
Minority interests	2,368

The implementation of the New Revenue Standard has not affected the Company's relevant line items of 2018 financial statements.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments

According to the relevant provisions of the New Financial Instruments Standard, the Group and the Company adjusted the opening retained earnings of 2018 and other related line items in the financial statements for the first time in implementation of the standard. The 2017 comparative financial statements were not restated.

- (a) On 1 January 2018, the results of the comparison of classification and measurement of financial assets in the Group's consolidated financial statements in accordance with the original financial instrument standard and the New Financial Instruments Standard are as follow:

Original financial instrument standard			New financial instrument standard		
Presentation item	Measurement category	Book value	Presentation item	Measurement category	Book value
Cash at bank and on hand	At amortised cost	5,596,314	Cash at bank and on hand	At amortised cost	5,596,314
Financial assets at fair value through profit or loss	At fair value through profit or loss	183,303	Financial assets held for trading	At fair value through profit or loss	183,303
Derivative financial assets	At fair value through profit or loss	330,111	Derivative financial assets (include other non-current financial assets)	At fair value through profit or loss	330,111
Notes and accounts receivables	At amortised cost	17,773,590	Notes and accounts receivables	At amortised cost	17,603,603
			Other current assets	At fair value through other comprehensive income	21,060
Other receivables	At amortised cost	8,283,236	Other receivables	At amortised cost	8,222,008
Held-to-maturity investments (include other current assets)	At amortised cost	-	Debt investments (include other current assets)	At amortised cost	-
Available-for-sale financial assets (include other current assets)	At fair value through other comprehensive income (debt instruments)	436,661	Financial assets held for trading	At fair value through profit or loss	408,000
			Other debt investments (include other current assets)	At fair value through other comprehensive income	28,661
	At fair value through other comprehensive income (equity instruments)	3,995	Other equity investments	At fair value through other comprehensive income	869,264
	Measured by cost (equity instruments)	408,925			
Long-term receivables	At amortised cost	12,880,540	Long-term receivables	At amortised cost	12,843,806

As at 31 December 2017 and 1 January 2018, the Group did not designate financial assets as at fair value through profit or loss.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (a) On 1 January 2018, the results of the comparison of classification and measurement of financial assets in the Company's consolidated financial statements in accordance with the original financial instrument standard and the New Financial Instruments Standard are as follow: (Continued)

Original financial instrument standard			New financial instrument standard		
Presentation item	Measurement category	Book value	Presentation item	Measurement category	Book value
Cash at bank and on hand	At amortised cost	1,366,876	Cash at bank and on hand	At amortised cost	1,366,876
Other receivables	At amortised cost	18,115,511	Other receivables	At amortised cost	18,115,511
Available-for-sale financial assets (include other current assets)	Measured by cost (equity instruments)	388,905	Other equity investments	At fair value through other comprehensive income	840,249

As at 31 December 2017 and 1 January 2018, the Company did not designate financial assets as at fair value through profit or loss.

- (b) On 1 January 2018, the reconciliation statement of the Group and the Company's adjustment of the book value of the original financial assets to the book value that is in accordance with the measurement categories under the New Financial Instruments Standard is as follow:

Measurement categories under the New Financial Instruments Standard	Note
Financial assets at amortised cost	Table 1
Financial assets at fair value through profit or loss	Table 2
Financial assets at fair value through other comprehensive income	Table 3

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (b) On 1 January 2018, the reconciliation statement of the Group's and the Company's adjustment of the book value of the original financial assets to the book value that is in accordance with the measurement categories under the New Financial Instruments Standard is as follow: (Continued)

Table 1: Financial assets at amortised cost under the New Financial Instruments Standard

	Note	Book Value	
		The Group	The Company
Cash at bank and on hand			
31 December 2017		5,596,314	1,366,876
Less: Transfer to financial assets at fair value through profit or loss (New Financial Instruments Standard)		–	–
1 January 2018		5,596,314	1,366,876
Receivables (Note 1)			
31 December 2017		38,937,366	18,115,511
Reclassification adjustment: impact of New Revenue Standard (Note II.32(2))		(220,573)	–
Less: Transfer to financial assets at fair value through other comprehensive income (New Financial Instruments Standard)	i)	(21,060)	–
Remeasure: total expected credit losses		(176,889)	–
1 January 2018		38,518,844	18,115,511
Total financial assets at amortised cost (New Financial Instruments Standard)		44,115,158	19,482,387

Note 1: As at 31 December 2017 and 1 January 2018, the balance of receivables included line items of financial statement such as notes and accounts receivables, other receivables and long-term receivables.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (b) On 1 January 2018, the reconciliation statement of the Group's and the Company's adjustment of the book value of the original financial assets to the book value that is in accordance with the measurement categories under the New Financial Instruments Standard is as follow: (Continued)

Table 2: Financial assets at fair value through profit or loss under the New Financial Instruments Standard

	Note	Book Value	
		The Group	The Company
Financial assets held for trading (include other non-current financial assets)			
31 December 2017		183,303	–
Add: transferred from available-for-sale financial assets (original financial instruments standard)	iv)	408,000	–
Add: transferred from cash at bank and on hand (original financial instruments standard)		–	–
Add: transferred from derivative financial assets (original financial instruments standard)		–	–
Remeasure: from amortised cost measurement to fair value measurement		–	–
1 January 2018		591,303	–
Derivative financial assets			
31 December 2017		330,111	–
Less: transfer to financial assets held for trading (New Financial Instruments Standard)		–	–
1 January 2018		330,111	–
Total financial assets at fair value through profit or loss (New Financial Instruments Standard)		921,414	–



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (b) On 1 January 2018, the reconciliation statement of the Group's and the Company's adjustment of the book value of the original financial assets to the book value that is in accordance with the measurement categories under the New Financial Instruments Standard is as follow: (Continued)

Table 3: Financial assets at fair value through other comprehensive income under the New Financial Instruments Standard

	Note	Book Value	
		The Group	The Company
Other debt investments (include other current assets)			
31 December 2017		–	–
Add: transferred from available-for-sale financial assets (original financial instruments standard)	ii)	28,661	–
Add: transferred from receivables (original financial instruments standard)	i)	21,060	–
Remeasure: from amortised cost measurement to fair value measurement		–	–
1 January 2018		49,721	–
Other equity instrument investments			
31 December 2017		–	–
Add: transferred from available-for-sale financial assets (original financial instruments standard)	iii)	412,920	388,905
Remeasure: from amortised cost measurement to fair value measurement		456,344	451,344
1 January 2018		869,264	840,249
Available-for-sale financial assets			
31 December 2017		849,581	388,905
Less: transfer to financial assets at fair value through profit of loss (New Financial Instruments Standard)	iv)	(408,000)	–
Less: transfer to financial assets at fair value through other comprehensive income (New Financial Instruments Standard)	ii)&iii)	(441,581)	(388,905)
1 January 2018		–	–
Total financial assets at fair value through other comprehensive income (New Financial Instruments Standard)		869,264	840,249

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****32. Significant changes in accounting policies (Continued)****(3) Financial instruments (Continued)**

- (b) On 1 January 2018, the reconciliation statement of the Group's and the Company's adjustment of the book value of the original financial assets to the book value that is in accordance with the measurement categories under the New Financial Instruments Standard is as follow: (Continued)
- i) A small number of subsidiaries of the Group discounted and endorsed some of the bank acceptance bills according to their daily fund management needs. The business model of the subsidiaries' management of bank acceptance bills includes both collection of contractual cash flow and holding for sales. On 1 January 2018, the Group reclassified the subsidiaries' bank acceptance bills of RMB21,060,000 to financial assets at fair value through other comprehensive income and presented as other current assets.
  - ii) On 31 December 2017, the book value of corporate bond investments held by the Group was RMB28,661,000. Since the business model of the bond investments was aimed at both the collection of contractual cash flow and for sales, and its contractual cash flow characteristics were consistent with basic loan arrangements, the Group reclassified the bond investments from available-for-sale financial assets to financial assets at amortised cost and listed them as other debt investments on 1 January 2018.
  - iii) On 31 December 2017, the Group's and the Company's unlisted equity investments measured at cost amounted to RMB412,920,000 and RMB388,905,000 respectively. On 1 January 2018, for consideration of strategic investment, the Group and the Company have chosen to designate such equity investments as financial assets at fair value through other comprehensive income, which are presented as other equity investments. Accordingly, the difference between the fair value and the original book value of the equity investments of the Group and the Company was RMB456,344,000 and RMB451,344,000 respectively, which are adjusted to other comprehensive income at the beginning of the period.
  - iv) On 31 December 2017, the Group's book value of wealth management products without principal-guaranteed and floating income was RMB408,000,000. After the implementation of the new financial instruments standards, the Group's contractual cash flow characteristics of the wealth management products did not meet basic loan arrangements. On 1 January 2018, the Group reclassified the bank wealth management products from available-for-sale financial assets to financial assets at fair value through profit or loss, and are presented as financial assets held for trading.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (c) On 1 January 2018, the reconciliation statement of the Group's adjustment from the original impairment provisions of financial assets to the one in accordance with the New Financial Instrument is as follow:

Measurement category	Provisions according to original financial instruments standard/ Provisions according to contingency standard	Reclassify	Remeasure	Provisions according to New Financial Instruments Standard
Financial asset at amortised cost –				
Impairment of notes and accounts receivables	757,177	–	78,927	836,104
Impairment of other receivables	396,543	–	61,228	457,771
Impairment of debt investments	–	–	–	–
Impairment of long-term receivables	864,992	–	36,734	901,726
Financial assets at fair value through other comprehensive income –				
Impairment of other current assets	–	–	–	–
Impairment of available-for-sale financial assets	3,065	(3,065)	–	–
Impairment of contract assets (Note II.32(2))	–	32,714	–	32,714
Grand total	2,021,777	29,649	176,889	2,228,315

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

### 32. Significant changes in accounting policies (Continued)

#### (3) Financial instruments (Continued)

- (d) On 1 January 2018, the reconciliation statement of the Group's adjustment from the original impairment provisions of financial assets to the one in accordance with the New Financial Investment Standard is as follow:

Measurement category	Provisions according to original financial instruments standard/ Provisions according to contingency standard	Reclassify	Remeasure	Provisions according to New Financial Instruments Standard
Financial asset at amortised cost – Impairment of other receivables	4,560	–	–	4,560
Financial assets at fair value through other comprehensive income – Impairment of available-for-sale financial assets	3,065	(3,065)	–	–
Grand total	7,625	(3,065)	–	4,560

Due to the implementation of the new financial instrument standards, the Group adjusted the deferred tax assets of RMB12,934,000 as at 1 January 2018. The impact of the relevant adjustments on the shareholders' equity of the parent company in the consolidated financial statements of the Group was increased by RMB314,940,000, of which the surplus reserve was nil, the undistributed profit decreased by RMB141,404,000, other comprehensive income increased by RMB456,344,000, and minority interests is reduced by RMB22,550,000.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****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 recognised in the period in which the estimate is revised and in any future periods affected.

Notes IV.21, IX and XIV contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

**(1) 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 2018.

**(2) Impairment of long-term assets**

As described in Note II.20, long-term assets 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 recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. 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 (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 can not reverse previously recognised impairment provisions of long-term asset.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for 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 amortisation 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 amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

**(5) Warranty provisions**

As described in Note IV.35, 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 recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

**(8) Estimation of fair value of investment properties**

The Group recognised the fair value of the investment properties based on the valuation assessed by the independent professional valuer 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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%, 10% and 16%
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 [2018] No. 32), 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 17% to 16% from 1 May 2018; the business of leasing and sales of real estate was originally applied 11 % tax rate is adjusted to 10%; 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:

	2018	2017
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	15-25%	15-36.65%
Subsidiaries registered in Germany	15.83-31.6%	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	34%	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	22%	22%
Subsidiaries registered in Cayman Islands	–	–
Subsidiaries registered in Malaysia	24%	24%
Subsidiaries registered in Luxembourg	27.08%	27.08%



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**III. TAXATION (CONTINUED)****2. Preferential tax treatments**

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
2	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2016 entitled to 15% preferential rate
3	Yangzhou Runyang Logistic Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
4	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
5	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
6	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
7	Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
8	Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2016 entitled to 15% preferential rate
9	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
10	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**III. TAXATION (CONTINUED)****2. Preferential tax treatments (Continued)**

The Group's subsidiaries that are entitled to preferential tax treatments are as follows (Continued):

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
11	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
12	Enric (Langfang) Energy Equipment Integration Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
13	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
14	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	Continue to be recognised 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 recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
16	Nantong CIMC Energy Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
17	Enric (Nantong) CIMC Food Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2016 entitled to 15% preferential rate
18	Shenzhen CIMC – TianDa Airport Support Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
19	Xinfa Airport Equipment Ltd.	25%	15%	Continue to be recognised 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 recognised as high-tech enterprises in 2016 entitled to 15% preferential rate

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**III. TAXATION (CONTINUED)****2. Preferential tax treatments (Continued)**

The Group's subsidiaries that are entitled to preferential tax treatments are as follows (Continued):

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
21	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2017 entitled to 15% preferential rate
22	CIMC Taicang refrigeration equipment logistics Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2016 entitled to 15% preferential rate
23	Taicang CIMC Special Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
24	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2018 entitled to 15% preferential rate
25	Jiangmen CIMC Vehicles Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2016 entitled to 15% preferential rate

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Please refer to VI.1 and IV.16 for the definition of subsidiaries, associates and joint ventures.

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

	31 December 2018	31 December 2017
Cash on hand	7,935	4,406
Bank deposits	8,990,737	4,863,666
Other cash balances	730,480	728,242
<b>Total</b>	<b>9,729,152</b>	<b>5,596,314</b>
Including: cash abroad	2,514,236	3,149,051

On 31 December 2018, restricted cash at bank and on hand of the Group amounted to RMB1,197,813,000 (31 December 2017: RMB1,353,836,000), refer to Note IV.26 for details.

On 31 December 2018, 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 RMB421,952,000 (31 December 2017: RMB484,672,000). Finance Company is a finance institution authorised by the People's Bank of China.

**2. Financial assets held for trading and financial assets at fair value through profit or loss****(1) Financial assets held for trading**

	31 December 2018	31 December 2017
Investments in equity instruments held for trading		
Listed Company	193,676	-

The fair value of investments in equity instruments held for trading is determined based on the closing price of the last trading day of the Hong Kong Stock Exchange.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2. Financial assets held for trading and financial assets at fair value through profit or loss (Continued)****(2) Financial assets at fair value through profit or loss**

	Note	31 December 2018	31 December 2017
<b>Current portion</b>			
1. Investments in equity instrument held for trading			
– Listed companies	(a)	–	183,303
2. Derivative financial assets			
– Forward foreign exchange contracts	(b)	–	8,078
– Foreign exchange option contracts	(c)	–	2,135
– Interest rate swap	(d)	–	4
3. Hedging Instrument		–	1,360
Total		–	194,880
<b>Non-current portion</b>			
Derivative financial assets			
– Interest rate swap	(d)	–	318,534
Total		–	318,534

(a) *The equity instruments held for trading are securities listed on 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.*

(b) *Forward foreign exchange contracts*

On 31 December 2017, the Group had certain unsettled forward contracts, mainly denominated in US dollars (USD), Japanese yen (JPY), Great Britain pound (GBP) and Euro (EUR). The nominal value of these contracts amounted to USD26,000,000, JPY696,890,000, GBP5,600,000 and EUR7,100,000, respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR 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 1 January 2018 to 7 December 2018.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2. Financial assets held for trading and financial assets at fair value through profit or loss (Continued)****(2) Financial assets at fair value through profit or loss (Continued)****(c) Foreign exchange option contracts**

On 31 December 2017, the Group had certain unsettled forward contracts, mainly denominated in USD, JPY, GBP and EUR. The nominal value of these contracts amounted to USD41,400,000. Pursuant to these future contracts, the Group are required to buy/sell USD 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 11 January 2018 to 15 November 2018.

**(d) Interest rate swap**

On 31 December 2017, the Group had 19 unsettled interest swap contracts denominated in USD, with a nominal value amounted to USD1,452,170,000 and a fair value of RMB317,924,000. The settlement dates of the aforesaid interest swap contracts ranges from 1 June 2018 to 28 June 2021.

**(e) Currency swap**

On 31 December 2017, the Group had 1 unsettled currency swap denominated in USD, with a nominal value amounted to USD10,000,000 and a fair value of negative RMB1,351,000. The settlement dates of the aforesaid currency swap is 29 June 2018.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****3. Derivative financial assets and liabilities**

	Note	31 December 2018	31 December 2017
Derivative financial assets -			
Forward foreign exchange contracts	(1)	27,480	–
Foreign exchange option contracts	(2)	21,180	–
Interest rate swap	(3)	193	–
Currency swap	(4)	35	–
Hedging Instrument		167	–
		<b>49,055</b>	–
Derivative financial liabilities -			
Forward foreign exchange contracts	(1)	22,520	–
Foreign exchange option contracts	(2)	18,672	–
Currency swap	(4)	229	–
Commitment to minority shareholders	(5)	301,305	–
		<b>342,726</b>	–

**(1) Forward foreign exchange contracts**

On 31 December 2018, the Group had certain unsettled forward contracts, mainly denominated in USD, JPY, GBP, EUR and Australian dollar (AUD). The nominal value of these contracts amounted to USD429,507,000, JPY1,440,622,000, GBP9,901,000, EUR117,634,000 and AUD1,500,000, respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, JPY, GBP, EUR, AUD 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 2019 to 29 November 2019.

**(2) Foreign exchange option contracts**

On 31 December 2018, the Group had certain unsettled forward contracts, mainly denominated in USD and GBP. The nominal value of these contracts amounted to USD563,600,000, GBP1,000,000. Pursuant to these future contracts, the Group are required to buy/sell USD and GBP 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 7 January 2019 to 17 September 2019.

**(3) Interest rate swap**

On 31 December 2018, the Group had 20 unsettled interest swap contracts denominated in USD, with a nominal value amounted to USD1,718,232,000 and a fair value of RMB332,274,000. The settlement dates of the aforesaid interest swap contracts ranges from 1 June 2019 to 28 June 2021.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****3. Derivative financial assets and liabilities (Continued)****(4) Currency swap**

As at 31 December 2018, the Group had 2 unsettled currency swap denominated in Great Britain Pound, with nominal value amounted to GBP5,000,000 and fair value amounted to RMB(194,000). The settlement dates of the aforesaid currency swap range from 14 August 2019 to 6 December 2019.

**(5) Commitment to minority shareholders**

As at 7 December 2016, Advanced Manufacturing Industry Investment Fund (Limited Partnership) ("Advanced Manufacturing Industry Investment Fund") signed a capital increase agreement with our group subsidiary CIMC HK and CIMC Offshore, injecting RMB984,258,000 to CIMC Offshore to obtain 15% equity of CIMC Offshore. The capital injection was completed in December 2017. Our group's shareholding percentage of CIMC Offshore dropped from 100% to 85%. Based on the terms of the agreement, the Advanced Manufacturing Industry Investment Fund has the right to withdraw by transferring the equity of CIMC Offshore to a third party in the event of the specific circumstances and events of the agreement. If the equity transfer amount is lower than the sum of the subscribed capital increase consideration and the subscribed capital increase consideration 5.2%/year (complex interest), the difference is made by the Group.

**4. Notes and accounts receivables**

	31 December 2018	31 December 2017
Notes receivables (1)	1,423,547	1,376,864
Accounts receivables (2)	17,895,919	16,396,726
	<b>19,319,466</b>	<b>17,773,590</b>

**(1) Notes receivables**

	31 December 2018	31 December 2017
Bank acceptance notes	1,237,458	1,241,308
Trade acceptance notes	186,089	135,556
Less: Provision for bad debts	–	–
<b>Total</b>	<b>1,423,547</b>	<b>1,376,864</b>

As at 31 December 2018 and 31 December 2017, the Group expects that notes receivables can be fully recovered thus no provision for bad debts was recognised.

No amount due from shareholders who hold more than 5% (inclusive) of the voting rights of the Company is included in the above balance of notes receivables.

All of the above notes receivables are due within one year.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(1) Notes receivables (Continued)**

- (a) As at 31 December 2018, pledged notes receivables presented in the notes and accounts receivables of the Group are as follows:

	31 December 2018
Bank acceptance notes	82,963

- (b) As at 31 December 2018 and 31 December 2017, there were no bills transferred to accounts receivables due to failure of performance by the issuers.

**(2) Accounts receivables**

Accounts receivables analysed by customer categories is as follows:

	31 December 2018	31 December 2017
Containers	6,852,841	6,761,566
Road transportation vehicles	2,713,628	2,265,036
Energy, chemical and liquid food equipment	3,356,733	3,346,180
Offshore engineering	495,519	699,837
Airport facilities	1,848,944	1,334,724
Logistics services	1,326,322	1,287,373
Heavy truck	1,060,341	772,761
Others	1,105,053	686,426
Sub-total	18,759,381	17,153,903
Less: provision for bad debts	(863,462)	(757,177)
Total	17,895,919	16,396,726

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(2) Accounts receivables (Continued)**

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

	31 December 2018	31 December 2017
Within 1 year (inclusive)	16,161,762	15,136,840
1 to 2 years (inclusive)	997,255	1,045,390
2 to 3 years (inclusive)	868,445	796,015
Over 3 years	731,919	175,658
Sub-total	18,759,381	17,153,903
Less: provision for bad debts	(863,462)	(757,177)
Total	17,895,919	16,396,726

- (b) As at 31 December 2018, 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	4,820,926	–	25.70%

As at 31 December 2017, the total amount of the top five accounts receivables of the Group was RMB3,869,278,000, accounting for 22.56% of the total accounts receivables.

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

In 2018, the Group has no accounts receivables derecognised due to transfer of financial asset. In 2017, accounts receivables derecognised due to transfer of financial asset amounted to RMB204,979,000 with relative loss amounted to RMB144,000.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 4. Notes and accounts receivables (Continued)

## (3) Provision for bad debts

	31 December 2018	31 December 2017
Notes receivables	–	–
Accounts receivables	863,462	757,177
	863,462	757,177

- (a) As at 31 December 2018, notes and accounts receivables with amounts that the related provision for bad debts is set aside on the individual basis are analysed as follows:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Bank acceptance notes receivables	1,237,458	–	–	
Trade acceptance notes receivables	186,089	–	–	
Containers	3,558,980	0.66%	23,408	
Road transportation vehicles	734,454	9.69%	71,144	
Energy, chemical and liquid food equipment	318,877	33.18%	105,808	Measured provision as lifetime expected credit losses
Offshore engineering	471,389	0.25%	1,186	
Airport facilities	58,627	2.41%	1,414	
Logistics services	115,254	2.74%	3,158	
Heavy truck	610,229	12.32%	75,194	
Others	969,312	2.05%	19,825	
	8,260,669		301,137	

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(3) Provision for bad debts (Continued)**

- (b) As at 31 December 2018, receivables that are assessed for impairment on a collective group basis are as follows:

Collectively assessed – Bank acceptance notes:

As at 31 December 2018, the Group has no the provision for bad debts according to the amount of expected credit loss rate for the entire duration. The Group believes that the bank acceptance notes held by the Group do not have significant credit risk and will not cause significant losses due to bank defaults.

Collectively assessed – Containers:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	2,965,562	1.92%	56,832
Overdue within 1 month	19,558	2.03%	397
Overdue for 1 to 3 months	93,135	2.86%	2,663
Overdue 3 to 12 months	144,896	7.16%	10,378
Overdue 1 to 2 years	5,848	8.69%	508
Overdue 2 to 3 years	20,846	95.00%	19,804
Overdue for more than 3 years	44,016	100.00%	44,016
	3,293,861		134,598

Collectively assessed – Road transportation vehicles:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	925,845	–	–
Overdue within 1 month	814,206	0.47%	3,825
Overdue for 1 to 3 months	81,093	3.32%	2,689
Overdue 3 to 12 months	86,100	3.32%	2,855
Overdue 1 to 2 years	19,453	32.01%	6,226
Overdue 2 to 3 years	32,856	96.14%	31,588
Overdue for more than 3 years	19,621	99.38%	19,499
	1,979,174		66,682

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 4. Notes and accounts receivables (Continued)

## (3) Provision for bad debts (Continued)

- (b) As at 31 December 2018, 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 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,973,909	0.71%	14,015
Overdue within 1 month	410,475	3.01%	12,355
Overdue for 1 to 3 months	196,549	3.47%	6,820
Overdue 3 to 12 months	157,596	5.33%	8,400
Overdue 1 to 2 years	134,504	17.80%	23,942
Overdue 2 to 3 years	55,059	52.96%	29,159
Overdue for more than 3 years	109,764	61.73%	67,757
	3,037,856		162,448

Collectively assessed – Offshore engineering:

The accounts receivables of the offshore engineering category were not overdue and the amount is RMB24,130,000. The Group believes that there is no significant credit risk.

Collectively assessed – Airport facilities:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	585,610	–	–
Overdue within 1 month	609	–	–
Overdue for 1 to 3 months	36,200	–	–
Overdue 3 to 12 months	1,032,773	5.96%	61,576
Overdue 1 to 2 years	63,655	23.00%	14,641
Overdue 2 to 3 years	27,959	50.00%	13,980
Overdue for more than 3 years	43,511	63.00%	27,412
	1,790,317		117,609

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(3) Provision for bad debts (Continued)**

- (b) As at 31 December 2018, receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed – Heavy truck:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	324,894	–	–
Overdue within 1 month	–	–	–
Overdue for 1 to 3 months	2,026	–	–
Overdue 3 to 12 months	35,449	23.92%	8,480
Overdue 1 to 2 years	11,692	31.63%	3,698
Overdue 2 to 3 years	11,625	26.25%	3,051
Overdue for more than 3 years	64,426	51.07%	32,903
	450,112		48,132

Collectively assessed – Logistics services:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	1,000,650	–	–
Overdue within 1 month	84,164	2.00%	1,684
Overdue for 1 to 3 months	35,958	2.82%	1,014
Overdue 3 to 12 months	53,622	3.34%	1,791
Overdue 1 to 2 years	17,974	15.82%	2,843
Overdue 2 to 3 years	13,256	100.00%	13,256
Overdue for more than 3 years	5,444	100.00%	5,444
	1,211,068		26,032

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(3) Provision for bad debts (Continued)**

- (b) As at 31 December 2018, receivables that are assessed for impairment on a collective group basis are as follows: (Continued)

Collectively assessed – Others:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime expected credit losses rate	Amount
Not overdue	62,060	–	–
Overdue within 1 month	19,070	21.06%	4,016
Overdue for 1 to 3 months	729	–	–
Overdue 3 to 12 months	52,034	5.39%	2,808
Overdue 1 to 2 years	1,839	–	–
Overdue 2 to 3 years	9	–	–
Overdue for more than 3 years	–	–	–
	135,741		6,824

- (c) The provision for bad debts this year amounted to RMB161,196,000 (2017: RMB229,452,000). A provision for bad debts amounted to RMB62,650,000 has been collected or reversed. (2017: RMB89,260,000).
- (d) The accounts receivables amounted to RMB77,013,000 was written off in current year (2017: RMB465,000), the provision for bad debts amounted to RMB77,013,000 (2017: RMB465,000).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. Notes and accounts receivables (Continued)****(4) Accounts receivables from related parties**

As at 31 December 2018, the Group's accounts receivables from related parties amounted to RMB251,663,000 (31 December 2017: RMB541,748,000), accounting for 1.35% of the total accounts receivables (31 December 2017: 3.16%).

Company name	Relationship with the Group	31 December 2018			31 December 2017		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shanxi Heavy Duty Auto-mobile Co., Ltd. ("SHDA")	Minority shareholders of subsidiaries	87,335	0.47%	-	72,974	0.43%	-
SUMITOMO CORPORATION ("SUMITOMO")	Minority shareholders of subsidiaries	71,825	0.38%	-	49,292	0.29%	-
Ningxia Changming	Associate	60,750	0.32%	-	60,750	0.35%	-
Gasfin Investment S.A. ("Gasfin")	Minority shareholders of subsidiaries	9,539	0.05%	-	9,819	0.06%	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	Joint venture	7,010	0.04%	-	2,914	0.02%	-
Zhejiang Xinlong Bamboo Industry Co., Ltd.	Associate	5,794	0.03%	-	21,874	0.13%	-
Tianjin Shounong Dongjiang	Associate	1,863	0.01%	-	1,869	0.01%	-
Senju (Jiangmen)	Associate	1,457	0.01%	-	4,812	0.03%	-
DongFan International Container (Lianyungang) Co., Ltd. ("DongFan International")	Subsidiary of significant shareholder	1,223	0.01%	-	24,129	0.14%	-
TSC	Associate	1,200	0.01%	-	1,700	0.01%	-
Florens Container Investment (SPV) Limited ("FCI")	Subsidiary of significant shareholder	-	-	-	130,145	0.76%	-
Florens Container Services Company Limited ("FCS")	Subsidiary of significant shareholder	-	-	-	99,973	0.58%	-
Florens Container Corporation S.A. ("FCC")	Subsidiary of significant shareholder	-	-	-	40,100	0.23%	-
DongFan International Container (GuangZhou) Co., Ltd. ("DongFan International (GuangZhou)")	Subsidiary of significant shareholder	-	-	-	12,417	0.07%	-
Other related parties		3,667	0.02%	-	8,980	0.05%	-
<b>Total</b>		<b>251,663</b>	<b>1.35%</b>	<b>-</b>	<b>541,748</b>	<b>3.16%</b>	<b>-</b>

- (5) As at 31 December 2018 and 31 December 2017, the Group had no accounts receivables pledged to the bank as a guarantee for short-term borrowings.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables**

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

	31 December 2018	31 December 2017
Receivables arising from financing for related parties	2,334,961	395,750
Receivables from share capital increase/transfer	3,956,738	4,312,910
Advanced payment of equity transfer		
and financial grants	(i) 178,634	178,634
Loans	(ii) 1,731,998	363,518
Assets purchased under reverse repurchase		
agreements	(iii) 670,000	1,200,379
Security deposits	1,216,741	974,064
Receivables from demolition compensation	(iv) 91,445	74,212
Tax refund receivables	234,306	210,685
Government grants receivable	16,200	-
Interest receivable	8,775	19,092
Dividends receivable	12,816	4,408
Others	1,248,659	946,127
Sub-total	11,701,273	8,679,779
Less: provision for bad debts	(425,129)	(396,543)
Total	11,276,144	8,283,236

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)****(1) Other receivables analysed by categories are as follows: (Continued)**

- (i) On 27 August 2015, CIMC Enric Investment Holdings (Shenzhen) Limited ("EIHL"), an indirect wholly-owned subsidiary of Enric and an subsidiary of the Group, entered into an agreement ("Agreement") with SOEG PTE LTD ("SOEG"), Jiangsu Pacific Shipbuilding Group Co., Ltd. ("Jiangsu Pacific") and Evergreen Group Co., Ltd. ("Evergreen") (collectively, the "Vendors"), shareholders of SOE, pursuant to which the Vendors agreed to sell and EIHL agreed to purchase 100% equity interest in SOE. Afterwards, the Company, SOE and Evergreen entered into a financial assistance framework agreement ("Financial Assistance Agreement") which governed the financial assistance provided by the Group to SOE in the form of loans and guarantees.

On 1 June 2016, Enric announced that the Board considered certain conditions precedent in the Agreement could not be fulfilled and the Vendors had breached certain material terms of the Agreement. EIHL delivered termination notices to the Vendors for termination of the Agreement. Enric assessed the prepayments due from the seller and the recoverability of the receivables from Nantong Pacific. As at 31 December 2016, Enric provided a bad debt provision of RMB1,184,281,000 for the amount received from Nantong Pacific.

In 2017, Nantong Pacific was taken over by the Nantong Pacific Bankruptcy Liquidation Group (the "Manager") appointed by the Chinese court. Based on the solvency analysis report provided by the administrator, Enric further accrued impairment provision of approximately RMB105,549,000.

On 5 July 2017, Enric Investment Holdings, Nantong Pacific and the Manager entered into a restructuring investment agreement ("Reorganization Plan"), pursuant to which Enric Investment Holdings (as a restructured investor) submitted an offer. Through the acquisition of the entire equity interest in Nantong Pacific, Nantong Pacific purchased a major asset. Subsequently, the reorganization plan was officially approved by the Nantong Pacific creditors at the creditors' meeting on 22 July 2017 and was officially approved by the Chinese court on 4 August 2017. Nantong Pacific became a wholly-owned subsidiary of Enrico Investment Holdings on 4 August 2017.

EIHL 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 the justification. 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 2018 after taking into account of the progress of the current litigation and the opinion of independent legal counsels.

- (ii) Borrowings mainly contained car loan compensation, interbank borrowings of the Finance Company; third party borrowings and petty cash fund for staff.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)****(1) Other receivables analysed by categories are as follows: (Continued)**

- (iii) Assets purchased under reverse repurchase agreements mainly contained the interbank pledge-style repo transactions of Finance company, one of the subsidiary of the Group.
- (iv) On 1 June 1 2017, Tianjin Binhai High-tech Industrial Development Zone Land Reserve Center and the wholly-owned subsidiary of the Group, CIMC Beiyang, signed the "Tianjin Land Consolidation Reserve Project Compensation Contract. CIMC Beiyang needs to submit this demolition. The "Real Estate Ownership Certificate" or other relevant ownership certificate of the demolished house was handed over to the Tianjin Binhai Hi-Tech Industrial Development Zone Land Reserve Center on the date of signing of the contract and submitted to the relevant department for financial supervision and approval, land acquisition and storage, and property rights cancellation procedures. The substantive obligations stipulated in the compensation agreement have also been completed in 2017. As at 31 December 2018, the amount of RMB73,900,000 had not been recovered.

In 2018, Shenzhen Nanshan District Sub-district Office signed an agreement with Shenzhen Southern CIMC Containers Service Co., Ltd., a subsidiary of the Group, to stipulate the compensation for the demolition of buildings due to the construction of the Chiwan Parking Station and the Left Fort Station of the Metro Line 2 project. Shenzhen Southern CIMC Containers Service Co., Ltd. has handed over the compensated items and land stipulated in contract to Shenzhen Metro Group Co., Ltd. on 30 September 2018. As at 31 December 2018, compensation of RMB12,096,000 has not been recovered.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)****(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 rate (suffered credit impairment)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
31 December 2017	8,216,101	-	211,391	150,163	150,163	252,287	246,380	396,543
Changes in accounting policies	-	-	-	61,228	61,228	-	-	61,228
1 January 2018	8,216,101	-	211,391	211,391	211,391	252,287	246,380	457,771
Increase in current year	3,894,741	-	9,246	9,246	9,246	-	-	9,246
Reversal in current year	(840,605)	-	(6,145)	(6,145)	(6,145)	-	-	(6,145)
Write-off and derecognise in current year	-	-	(29,860)	(29,860)	(29,860)	-	-	(29,860)
Including: Write-off in current year	-	-	(29,860)	(29,860)	(29,860)	-	-	(29,860)
Derecognise	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(5,883)	(5,883)	(5,883)	-	-	(5,883)
31 December 2018	11,270,237	-	178,749	178,749	178,749	252,287	246,380	425,129

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 5. Other receivables (Continued)

## (2) Loss provision and changes in book balance (Continued)

(i) As at 31 December 2018, the provision for bad debts of other receivables in the first stage is as follows:

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Individually assessed:				
Receivables arising from financing for related parties	80	100.00%	80	Measured provision as lifetime expected credit losses
Loan	18,153	100.00%	18,153	
Security deposits	29,672	100.00%	29,672	
Receivables from demolition compensation	390	100.00%	390	
Others	130,454	100.00%	130,454	
	178,749		178,749	
Collectively assessed:				
Receivables arising from financing for related parties	2,334,881	—	—	Measured provision as lifetime expected credit losses
Receivables from share capital increase/transfer	3,956,738	—	—	
Loan	1,654,565	—	—	
Assets purchased under reverse repurchase agreements	670,000	—	—	
Security deposits	1,172,696	—	—	
Receivables from demolition compensation	91,055	—	—	
Tax refund receivables	234,306	—	—	
Government grants receivables	16,200	—	—	
Interest receivable	8,775	—	—	
Dividends receivable	12,816	—	—	
Others	1,118,205	—	—	
	11,270,237		—	

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)****(2) Loss provision and changes in book balance (Continued)**

(ii) *As at 31 December 2018, the provision for bad debts of other receivables in the third stage is as follows:*

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Individually assessed:				
Advanced payment of equity transfer and financial grants	178,634	100.00%	178,634	Measured provision as
Loan	59,280	91.97%	54,517	lifetime
Security deposits	14,373	92.04%	13,229	expected credit losses
	252,287		246,380	

**(3) Reversal or recovery of provision for the year**

The provision for bad debts this year amounted to RMB9,246,000 (2017: RMB147,281,000), among which RMB6,145,000 has been recovered or reversed (2017: RMB28,699,000).

**(4) Other receivables written off in current year**

Other receivables written off in current year amounted to RMB29,860,000 (2017: RMB1,295,238,000).

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 5. Other receivables (Continued)

(5) As at 31 December 2018, the five largest balances of other receivables are analysed as follows:

	Note	Nature	Book balance	Aging	% of total balance	Provision for bad debts
Tianjin Lanshui Offshore Engineering Limited Partnership ("Tianjin Lanshui")	(i)	Receivables from capital increase	3,575,000	2 to 3 years	30.55%	–
Dongguan Country Garden Real Estate Group Co., Ltd. ("Dongguan Country Garden Real Estate")	(ii)	Receivables arising from financing for related parities	1,308,131	1 to 2 years	11.18%	–
Nanyang Commercial Bank (China) Co., Ltd.		Loan – interbank borrowings	700,000	within 1 year	5.98%	–
CITIC Bank Co., Ltd.		Loan – interbank borrowings	631,414	within 1 year	5.40%	–
Qujing Zhongbirui Real Estate Development Co., Ltd. ("Qujing Zhongbirui")		Receivables arising from financing for related parities	597,818	within 1 year	5.11%	–
<b>Total</b>			<b>6,812,363</b>		<b>58.22%</b>	<b>–</b>

(i) On 23 December 2016, Qianhai leasing and TianJin YongWang and TianJin BlueWater signed a capital increase agreement and industrial and commercial registration was changed on 28 December 2017. As at 31 December 2018, RMB3.575 billion has not been received yet. According to the contract, after the date of capital increase, TianJin BlueWater should guarantee there will be an annual expected earning yields of no less than 4.9853% from 2017 to 2019 which will be paid from the year of 2018. After assessment, the dividend commitment was recognised as other non-current liability with total amount of RMB487,632,000 (Note IV.42) while the difference of total capital increase and other non-current liability mentioned above was recorded as equity.

(ii) As at 31 December 2018, the amount of RMB1,308,131,000 provided by Dongguan Zhengyi, (Note V.1), a subsidiary of the Group, to Dongguan Country Garden, a subsidiary of the Country Garden Real Estate has not been recovered.

(6) As at 31 December 2018, the Group's government grants recognised in receivables amounted to RMB16,200,000 and are expected to be collected in 2019.

(7) Other receivables from shareholders holding more than 5% (inclusive) of the voting rights of the Company are analysed as follows:

As at 31 December 2018 and 31 December 2017, 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)**

(8) As at 31 December 2018, other receivables from related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2018				31 December 2017			
		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	2,028,506	Funding	17.34%	-	-	-	-	-
Zhenjiang CIMC Runyu Real Estate Co., Ltd. ("Runyu Real Estate")	Associate	256,952	Funding	2.20%	-	331,250	Funding	3.82%	-
Shenzhen China Merchants Real Estate Holding Co., Ltd.	Subsidiary of significant shareholder	70,650	Transfer of equity	0.60%	-	70,650	Transfer of equity	0.81%	-
Shanghai Fengyang	Associate	34,204	Funding	0.29%	-	34,204	Funding	0.39%	-
Nantong Xinyang Environmental Protection Panel Co., Ltd. Company ("Nantong Xinyang")	Associate	11,028	Funding	0.09%	-	13,813	Funding	0.16%	-
Other related parties		5,093		0.04%	-	19,328		0.22%	-
<b>Total</b>		<b>2,406,433</b>		<b>20.56%</b>	<b>-</b>	<b>469,245</b>		<b>5.40%</b>	<b>-</b>

**6. Advances to suppliers**

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

	31 December 2018	31 December 2017
Prepayment for land use right (i)	4,101,550	-
Raw material (including vessels under construction)	2,745,818	2,382,879
Others	55,373	47,259
Sub-total	6,902,741	2,430,138
Less: provision for bad debts	(41,444)	(282,417)
<b>Total</b>	<b>6,861,297</b>	<b>2,147,721</b>

- (i) The prepayment for land use right is the payment by Shenzhen CIMC Zhicheng Business development Co., Ltd., a subsidiary of the Group 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 2018, the relevant land use right certificate has not been obtained.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****6. Advances to suppliers (Continued)**

(2) Aging analysis of advances to suppliers is as follows:

	31 December 2018		31 December 2017	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	5,978,612	86.61%	1,392,338	57.29%
1 to 2 years (inclusive)	278,274	4.03%	111,465	4.59%
2 to 3 years (inclusive)	46,078	0.67%	197,438	8.12%
Over 3 years	599,777	8.69%	728,897	30.00%
Sub-total	6,902,741	100.00%	2,430,138	100.00%
Less: provision for bad debts	(41,444)	0.60%	(282,417)	11.62%
Total	6,861,297	99.40%	2,147,721	88.38%

The aging is calculated from the date that advances to suppliers is recognised.

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.

(3) As at 31 December 2018, 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	1,037,969	15.04%

As at 31 December 2017, the total amount of the Group's five largest advances to suppliers amounted to RMB891,767,000, accounting for 36.70% 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 2018 and 31 December 2017, there is no advances to shareholders who hold more than 5% (inclusive) of the voting rights of the Company.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****6. Advances to suppliers (Continued)**

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

Company name	Relationship with the Group	31 December 2018			31 December 2017		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shenzhen Sky Capital Co., Ltd.	Joint Venture	3,900	0.06%	-	-	-	-
Tianzhu International	Associate	408	0.01%	-	-	-	-
Shaanxi Heavy Truck	Minority shareholders of the Group's subsidiaries	173	0.00%	-	3,922	0.16%	-
Cadro Hydraulic	Associate	17	0.00%	-	-	-	-
TSC	Associate	-	-	-	41	0.00%	-
Other related parties		-	-	-	8,000	0.33%	-
<b>Total</b>		<b>4,498</b>	<b>0.07%</b>	<b>-</b>	<b>11,963</b>	<b>0.49%</b>	<b>-</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7. Inventories**

(1) Inventories summarised by categories are as follows:

	31 December 2018			31 December 2017		
	Book balance	Impairment provision for inventories and impairment provision for costs incurred to fulfil a contract	Book balance	Book balance	Impairment provision for inventories	Book balance
Raw materials	4,414,392	(241,276)	4,173,116	3,971,003	(193,787)	3,777,216
Work in progress	3,597,594	(97,343)	3,500,251	3,001,600	(11,537)	2,990,063
Finished goods	4,991,136	(104,573)	4,886,563	4,485,352	(108,174)	4,377,178
Consignment stocks	241,316	(208)	241,108	240,432	(184)	240,248
Spare parts	219,161	(6,457)	212,704	204,266	(7,700)	196,566
Low-valued consumables	30,199	(374)	29,825	30,433	(164)	30,269
Materials in transit	33,731	–	33,731	38,228	–	38,228
Completed properties	660,425	(14,538)	645,887	824,295	(14,900)	809,395
Properties under development	9,523,556	(4,992)	9,518,564	1,211,786	(4,992)	1,206,794
Offshore engineering Project	4,943,242	(860,597)	4,082,645	4,540,022	(207)	4,539,815
Costs incurred to fulfil a contract	10,930	–	10,930	–	–	–
Amount due from customer for contract work (5)	–	–	–	1,085,269	(32,714)	1,052,555
<b>Total</b>	<b>28,665,682</b>	<b>(1,330,358)</b>	<b>27,335,324</b>	<b>19,632,686</b>	<b>(374,359)</b>	<b>19,258,327</b>

As at 31 December 2018, the Group's closing balance of inventories included capitalised borrowing cost amounted to RMB160,255,000 (31 December 2017: RMB143,787,000). The interest rate per annum at which the borrowing costs were capitalised was 4.57% (2017: 3.85%).

As at 31 December 2018, there is no restricted inventories. (31 December 2017: Nil).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7. Inventories (Continued)**

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

	31 December 2017	Changes in accounting policies	1 January 2018	Increase in current year	Decrease in current year	31 December 2018
Raw materials	3,971,003	–	3,971,003	66,327,176	(65,883,787)	4,414,392
Work in progress	3,001,600	–	3,001,600	50,871,225	(50,275,231)	3,597,594
Finished goods	4,485,352	–	4,485,352	72,785,352	(72,279,568)	4,991,136
Consignment stocks	240,432	–	240,432	3,581,909	(3,581,025)	241,316
Spare parts	204,266	–	204,266	697,384	(682,489)	219,161
Low-valued consumables	30,433	–	30,433	304,551	(304,785)	30,199
Materials in transit	38,228	–	38,228	27,203	(31,700)	33,731
Completed properties held for sale	824,295	–	824,295	1,496,603	(1,660,473)	660,425
Properties under development (i)	1,211,786	–	1,211,786	9,090,489	(778,719)	9,523,556
Offshore engineering Project	4,540,022	–	4,540,022	1,051,668	(648,448)	4,943,242
Costs incurred to fulfil a contract	–	–	–	10,930	–	10,930
Amount due from customer for contract work	1,085,269	(1,085,269)	–	–	–	–
<b>Total</b>	<b>19,632,686</b>	<b>(1,085,269)</b>	<b>18,547,417</b>	<b>206,244,490</b>	<b>(196,126,225)</b>	<b>28,665,682</b>

- (i) On 23 November 2018, the Group's subsidiaries, Jida Development and Jiyu Development acquired the shares of Shenzhen Leyi Real Estate Co., Ltd. and Shenzhen Shangqi through the Beijing Equity Exchange with RMB599,918,000 and RMB2,551,180,000 respectively, the land value were RMB551,567,000 and RMB2,443,756,000 respectively. In 2018, the Group's subsidiaries, Qianhai Jicheng and Qianhai Jiyun, obtained land through the Qianhai Administration and recognised the land value of RMB3,871,480,000.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7. Inventories (Continued)**

(3) Provision for impairment of inventories and costs incurred to fulfil a contract are as follows:

Category	31 December 2017	Changes in accounting policies	1 January 2018	Increase in current year			Currency translation differences	31 December 2018
				Recognise	Reversal	Write-off		
Raw materials	193,787	-	193,787	62,011	(12,306)	(2,994)	778	241,276
Work in progress	11,537	-	11,537	85,860	(137)	-	83	97,343
Finished goods	108,174	-	108,174	14,286	(3,333)	(15,313)	759	104,573
Consignment stocks	184	-	184	24	-	-	-	208
Spare parts	7,700	-	7,700	684	(1,950)	-	23	6,457
Low-valued consumables	164	-	164	203	-	-	7	374
Completed properties held for sale	14,900	-	14,900	-	-	(362)	-	14,538
Properties under development	4,992	-	4,992	-	-	-	-	4,992
Offshore engineering Project	207	-	207	836,038	-	-	24,352	860,597
Costs incurred to fulfil a contract	-	-	-	-	-	-	-	-
Amount due from customer for contract work	32,714	(32,714)	-	-	-	-	-	-
<b>Total</b>	<b>374,359</b>	<b>(32,714)</b>	<b>341,645</b>	<b>999,106</b>	<b>(17,726)</b>	<b>(18,669)</b>	<b>26,002</b>	<b>1,330,358</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7. Inventories (Continued)****(4) Provision for impairment of inventories are as follows:**

- (a) The provision for impairment of the Group's inventories during the year was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

Written off/reversal of provision for 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 held for sale	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Properties under development construction	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

**(5) Amount due from customer for contract work**

	31 December 2018	31 December 2017
Aggregate contract costs incurred and profit recognised to date (Less foreseeable losses)	–	10,263,318
Less: progress billings received and receivable	–	(9,290,348)
	–	972,970
Including:		
Construction work-in-progress in excess of progress billings	–	1,085,269
Progress billings in excess of construction work-in-progress	–	(112,299)
	–	972,970

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****8. Contract assets**

	31 December 2018	31 December 2017
Contract assets	1,551,556	–
Less: contract assets impairment provision	(37,208)	–
	1,514,348	–

As mentioned in Note V.1, the amount of contract assets increased by RMB42,272,000 due to business combination not under common control during the year.

As at 31 December 2018, contract assets impairment provision individually assessed are as follows:

	Book balance	Lifetime expected credit losses rate	provision for bad debts	Reason
Offshore engineering	342,212	7.47%	25,570	Measured provision as lifetime expected credit losses
Energy, chemical and liquid food equipment	799,185	1.46%	11,638	
	1,141,397		37,208	

As at 31 December 2018, contract assets impairment provision collectively assessed are as follows:

	Book balance	Lifetime expected credit losses rate	provision for bad debts	Reason
Airport facilities	410,159	–	–	Measured provision as lifetime expected credit losses

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****9. Assets and liabilities held for sale**

	31 December 2018		
	Carrying amount immediately before the classification	Provision for impairment of assets held for sale	Carrying amount
Assets held for sale -			
Investment properties	26,401	–	26,401
Fixed assets	86,296	–	86,296
Intangible assets	85,177	–	85,177
<b>Total</b>	<b>197,874</b>	<b>–</b>	<b>197,874</b>

On 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. 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 real estate 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. Although the above transaction was not completed within 2018, the Group expects to complete it in 2019. Therefore, it will continue to be classified as held for sale on 31 December 2018, and separately presented in the current assets of the balance sheet.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****9. Assets and liabilities held for sale (Continued)**

As at 31 December 2018, the balance of other comprehensive income related to the above-mentioned non-current assets to be disposed of was nil.

	31 December 2017		
	Carrying amount immediately before Classified as held for sale	Impairment provision for assets held for sale	Carrying amount
Assets held for sale -			
Cash at bank and on hand	106	–	106
Investment properties	26,401	–	26,401
Fixed assets	91,825	–	91,825
Construction in progress	14,312	–	14,312
Intangible assets	102,665	–	102,665
<b>Total</b>	<b>235,309</b>	<b>–</b>	<b>235,309</b>
Liabilities held for sale -			
Other payables	14,906		14,906
<b>Total</b>	<b>14,906</b>		<b>14,906</b>

On 20 November 2017, the Group decided to sell Beijing CIMC Vehicles Logistics Equipment Co., Ltd. ("Beijing Vehicle") in the operating segment of Road transport vehicles due to changes in its production and operation plans. The Board of Directors approved the vehicle group and Beijing Dejun Real Estate Co., Ltd. signed a transfer agreement to transfer the entire equity of Beijing Vehicle held by Vehicle Group to Beijing Dejun Real Estate Co., Ltd. The transfer price of the agreement was RMB42,282,000. The equity transfer transaction has been completed in 2018. The Group recognised a disposal gain of RMB47,000,000 (Note V.2)

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**10. Current portion of non-current assets**

	31 December 2018	31 December 2017
Finance lease receivables (Note IV.15)	6,525,655	6,260,716
Less: unrealised financing income	(1,437,660)	(1,299,850)
Finance lease receivables – net	5,087,995	4,960,866
Sales of goods by installment	10,674	30,440
Others	5,635	2,930
Sub-total	5,104,304	4,994,236
Less: impairment provisions	(716,418)	(679,986)
Total	4,387,886	4,314,250

As at 31 December 2018, the balance of the long-term receivables from related parties due within one year of the Group was RMB96,523,000 (31 December 2017: RMB128,736,000).

Company Name	Relationship	31 December 2018	31 December 2017
LiHua Energy	Associate	53,588	77,192
Y&C Engine	Joint Venture	15,070	15,488
New Horizon Shipping UG	Joint Venture	12,925	3,738
Zhongyi Xinwei	Associate	11,247	11,273
NingXia Changming	Associate	3,693	21,045
Total		96,523	128,736

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 11. Other current assets

	31 December 2018	31 December 2017
Tax deductible/withheld	836,995	753,612
Available-for-sale financial assets	–	408,000
Notes receivables (i)	179,412	–
Others	22,330	36,684
<b>Total</b>	<b>1,038,737</b>	<b>1,198,296</b>

- (i) Due to the needs of daily fund management, the subsidiaries of the Group discounted and endorsed part of bank acceptance notes. The Group therefore classify notes receivables as financial assets at fair value through other comprehensive income.

As at 31 December 2018, the Group measured provision as lifetime expected credit losses. The Group believes that the bank acceptance notes held do not have significant credit risk and will not cause significant losses due to bank defaults.

As at 31 December 2018, outstanding notes receivables discounted endorsed by the Group presented in other current assets are as follows:

	Derecognised	Not derecognised
Trade acceptance notes	12,001	–
Bank acceptance notes	2,946,736	130,860
	<b>2,958,737</b>	<b>130,860</b>

## 12. Other debt investments

	31 December 2018	31 December 2017
China Development Bank 2015 Tenth Financial Bonds (i)	30,581	–
Less: other debt investments impairment provisions	–	–
	<b>30,581</b>	<b>–</b>

- (i) As stated in Note II.32, on 1 January 2018, the Group reclassified its financial bond investments from available-for-sale financial assets to other debt investments. As at 31 December 2018, the book value 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 RMB30,581,000.

As at 31 December 2018, 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 is measured as expected credit losses within the next twelve months.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13. Available-for-sale financial assets and other equity investments****(1) Other equity investments**

	31 December 2018	31 December 2017
<b>Unlisted company equity</b>		
– Bank of Communications Schroder Fund Management Co., Ltd. (“BOCM Schroder”)	243,677	–
– China United International Rail Containers Co., Ltd. (“CR Intermodal”)	445,596	–
– Zhuhai yunzhou-tech Co., Ltd. (“Yunzhou-Tech”)	22,881	–
– Shanghai Shangqiao Supply Chain Service Co., Ltd. (“Shanghai Shangqiao”)	30,000	–
– Chongqing Meixin Yishen Machinery Co., Ltd. (“Chongqing Meixin”)	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	–
– Tianjin Binhai COSCO Container Logistics Co., Ltd. (“Tianjin Binhai COSCO”)	19,618	–
– Yueguan Advanced Manufacturing Industry (Dongguan) Equity Investment Fund (Limited Partnership) (“Yueguan Fund”)	14,384	–
– Beihai Yinjian Co., Ltd. (“Beihai Yinjian”)	–	–
– Guangdong Samsung Enterprise Group Co., Ltd. (“Guangdong Samsung”)	–	–
<b>Listed company equity</b>		
– Shouchang International Enterprise Co., Ltd. (“Shouchang International”)	180,884	–
– Otto Energy Limited	2,415	–
	<b>984,155</b>	<b>–</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13. Available-for-sale financial assets and other equity investments (Continued)****(1) Other equity investments (Continued)**

	31 December 2018	31 December 2017
BOCM Schroder		
– Historical cost	8,125	–
– Accumulated changes in fair value	235,552	–
	243,677	–
CR Intermodal		
– Historical cost	380,780	–
– Accumulated changes in fair value	64,816	–
	445,596	–
Yunzhou-Tech		
– Historical cost	20,000	–
– Accumulated changes in fair value	2,881	–
	22,881	–

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13. Available-for-sale financial assets and other equity investments (Continued)****(1) Other equity investments (Continued)**

	31 December 2018	31 December 2017
Shanghai Shangqiao		
– Historical cost	30,000	–
– Accumulated changes in fair value	–	–
	30,000	–
Chongqing Meixin		
– Historical cost	20,000	–
– Accumulated changes in fair value	–	–
	20,000	–
Shitie Special Goods		
– Historical cost	3,500	–
– Accumulated changes in fair value	–	–
	3,500	–
Ningbo Beilun		
– Historical cost	1,200	–
– Accumulated changes in fair value	–	–
	1,200	–
Tianjin Binhai COSCO		
– Historical cost	19,618	–
– Accumulated changes in fair value	–	–
	19,618	–
Yueguan Fund		
– Historical cost	14,384	–
– Accumulated changes in fair value	–	–
	14,384	–
Beihai Yinjian		
– Historical cost	–	–
– Accumulated changes in fair value	–	–
	–	–

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 13. Available-for-sale financial assets and other equity investments (Continued)

## (1) Other equity investments (Continued)

	31 December 2018	31 December 2017
Guangdong Samsung		
– Historical cost	–	–
– Accumulated changes in fair value	–	–
	–	–
Shouchang International		
– Historical cost	199,247	–
– Accumulated changes in fair value	(18,363)	–
	180,884	–
Otto Energy Limited		
– Historical cost	5,580	–
– Accumulated changes in fair value	(3,165)	–
	2,415	–

The voting rights of the Group to the above companies are as follows:

	Voting rights
<b>Unlisted company equity</b>	
– BOCM Schroder	5.00%
– CR Intermodal	10.00%
– Yunzhou-Tech	1.78%
– Shanghai Shangqiao	1.67%
– Chongqing Meixin	3.89%
– Shitie Special Goods	2.50%
– Ningbo Beilun	21.00%
– Tianjin Binhai COSCO	4.50%
– Yueguan Fund	13.97%
– Beihai Yinjian	–
– Guangdong Samsung	–
<b>Listed company equity</b>	
– 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 recognised them as other equity investments.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13. Available-for-sale financial assets and other equity investments (Continued)****(1) Other equity investments (Continued)**

In 2018, due to the strategic adjustment of the Group, the investment in the equity instrument of Xiangshan Huajin Equity Investment Partnership (Limited Partnership) was disposed. The disposal price was RMB10,000 and there was no dividend income recognised in the current year.

**(2) Available-for-sale financial assets**

	31 December 2018	31 December 2017
Measured at fair value		
– Available-for-sale equity instruments – Listed	–	3,995
– Trust plan	–	408,000
– Bonds	–	28,661
Measured at historical cost		
– Available-for-sale equity instruments (1) – Unlisted	–	411,980
– Others	–	10
Less: impairment provisions	–	(3,065)
– Available-for-sale financial assets listed in other current assets (Note IV.11)	–	(408,000)
	–	441,581

Detailed information of the available-for-sale financial assets:

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

	31 December 2018	31 December 2017
Available-for-sale equity instruments		
– Fair value	–	3,995
– Historical cost	–	4,582
– Accumulated net changes in fair value of available-for-sale financial assets recognised in other comprehensive income	–	(587)
Trust plan		
– Fair value	–	408,000
– Historical cost	–	408,000
– Accumulated net changes in fair value of available-for-sale financial assets recognised in other comprehensive income	–	–
Bonds		
– Fair value	–	28,661
– Historical cost	–	31,709
– Accumulated net changes in fair value of available-for-sale financial assets recognised in other comprehensive income	–	(3,048)



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13. Available-for-sale financial assets and other equity investments (Continued)****(2) Available-for-sale financial assets (Continued)**

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

	31 December 2016	Increase in current year	Decline in current year	31 December 2017	Shareholding ratio of investee	Cash dividend in current year
Available-for-sale equity instruments						
– Historical cost						
– CR Intermodal	380,780	–	–	380,780	10.00%	–
– BOCM Schroder	8,125	–	–	8,125	5.00%	4,000
– Beihai Yinjian	1,700	–	–	1,700	1.01%	–
– Guangdong Samsung	1,365	–	–	1,365	0.09%	–
– Donghua Container Transportation Service Co., Ltd. (“SDET”)	270	–	(270)	–	0.00%	–
– Yunzhou-Tech	20,000	–	–	20,000	2.00%	–
– Xiangshan Huakin Equity Investment Partnership (Limited Partnership)	–	10	–	10	0.00%	–
Sub-Total	412,240	10	(270)	411,980		4,000
– Impairment provisions	(3,065)	–	–	(3,065)		
Total	409,175	10	(270)	408,915		

**14. Other non-current financial assets**

	31 December 2018	31 December 2017
Interest rate swap (Note IV.3(3))	332,081	–

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15. Long-term receivables**

	31 December 2018	31 December 2017
Finance lease receivables	28,169,139	26,483,762
Less: unrealised financing income	(9,111,735)	(8,813,914)
Finance lease receivables – net	19,057,404	17,669,848
Sales of goods by installments	53,332	113,488
Others	211,986	276,446
Sub-total	19,322,722	18,059,782
Less: impairment provisions	(1,060,467)	(864,992)
Sub-total	18,262,255	17,194,790
Less: current portion of non-current assets	(4,387,886)	(4,314,250)
Total	13,874,369	12,880,540

As at 31 December 2018, there is no long-term receivables due from shareholders holding more than 5% (inclusive) of the voting rights of the Company or related parties. (31 December 2017: Nil)

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 2018	31 December 2017
Minimum lease receipts		
Within 1 year (inclusive)	6,525,655	6,260,716
1 and 2 years (inclusive)	3,305,901	3,240,272
2 and 3 years (inclusive)	2,462,104	2,254,953
Over 3 years	15,875,479	14,727,821
Sub-total	28,169,139	26,483,762
Less: unrealised finance income	(9,111,735)	(8,813,914)
Total	19,057,404	17,669,848

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15. Long-term receivables (Continued)**

As at 31 December 2018, the long-term receivables derecognised due to transferring of financial assets in current year amounted RMB64,475,000 (31 December 2017: RMB526,780,000):

	The derecognised amount	The income from derecognition
Finance lease receivables	64,475	5,829

The analysis of long-term receivables due from related parties is as follows:

Company name	Relationship with the Group	31 December 2018	31 December 2017
New Horizon Shipping UG	Joint Venture	566,707	138,335
Zhongyi Xinwei	Associate	21,432	4,148
LiHua Energy	Associate	10,285	63,873
Y&C Engine	Joint Venture	1,256	16,326
Ningxia Changming	Associate	–	3,661
Total		599,680	226,343

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 15. 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)		Sub-total	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)		Sub-total	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
31 December 2017	7,323,883	183,894	9,850,300	29,485	213,379	316,892	217,198	84,054	39,567	484,653	394,848	434,415	864,992
changes in accounting policies	-	-	-	-	-	-	-	-	36,734	-	-	36,734	36,734
1 January 2018	7,323,883	183,894	9,850,300	29,485	213,379	316,892	217,198	84,054	76,301	484,653	394,848	471,149	901,726
Increase in current year	2,832,318	139,049	2,474,338	632	139,681	10,000	10,000	31,263	31,263	-	-	31,263	180,944
Reversal in current year	(2,873,326)	(440)	(1,108,933)	-	(440)	(25,212)	(1,715)	(460)	(460)	-	-	(460)	(2,615)
Write-off and derecognise in current year	(64,657)	(182)	-	-	(182)	-	-	(19,551)	(19,551)	-	-	(19,551)	(19,733)
Including: Write-off in current year	(182)	(182)	-	-	(182)	-	-	(19,551)	(19,551)	-	-	(19,551)	(19,733)
Derecognise	(64,475)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to the second stage	(238,193)	(41,899)	-	-	(41,899)	238,193	41,899	-	-	-	-	-	-
Transfer to the third stage	(32,272)	(32,272)	-	-	(32,272)	(32,722)	(20,444)	64,994	52,716	-	-	52,716	-
Transfer back to the first stage i)	36,638	3,107	-	-	3,107	(36,638)	(3,107)	-	-	-	-	-	-
Currency translation differences	7,160	145	-	-	145	-	-	-	-	-	-	-	145
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

i) As at 31 December 2018, the book balance of the long-term receivables transferred back to the first stage was RMB36,638,000.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 15. Long-term receivables (Continued)

## (1) Loss provision and changes in book balance: (Continued)

- (i) As at 31 December 2018, the provision for bad debts of long-term receivables 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:					
Finance lease receivables	11,215,705	0.27%	30,117		
	11,215,705		30,117	Measured provision as lifetime expected credit losses	
Collectively assessed:					
Finance lease receivables	6,764,534	3.72%	251,402		
Sales of goods by installments	15,031	–	–		
Others	211,986	–	–		
	6,991,551		251,402		

- (ii) As at 31 December 2018, the provision for bad debts of long-term receivables in the second stage are as follows:

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Collectively assessed:				
Finance lease receivables	470,513	51.82%	243,831	Measured provision as lifetime expected credit losses
	470,513		243,831	

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15. Long-term receivables (Continued)****(1) Loss provision and changes in book balance: (Continued)**

(iii) *As at 31 December 2018, the provision for bad debts of long-term receivables in the third stage are as follows:*

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Individually assessed:				
Finance lease receivables	484,653	81.47%	394,848	Measured provision as lifetime expected credit losses
	484,653		394,848	
Collectively assessed:				
Finance lease receivables	121,999	83.58%	101,968	Measured provision as lifetime expected credit losses
Sales of goods by installments	38,301	100.00%	38,301	
	160,300		140,269	

**16. Long-term equity investments****(1) Classification of long-term equity investments:**

		31 December 2018	31 December 2017
Joint ventures	(2)	604,023	525,312
Associates	(3)	2,968,487	1,873,185
		3,572,510	2,398,497
Less: impairment provisions		(2,610)	(2)
Total		3,569,900	2,398,495

There is 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.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

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

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

	Movement in current year							31 December 2018	Impairment provisions
	31 December 2017	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")	45,328	-	8,753	-	-	-	-	54,081	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd.	1,814	-	(40)	-	-	-	-	1,774	-
Shanghai Shenyi Special Vehicle Parts Co., Ltd. ("Shanghai Shenyi")	11,132	(11,317)	185	-	-	-	-	-	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	66,134	-	657	-	-	-	125	66,916	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. Ltd.	25,111	-	1,838	-	-	-	-	26,949	-
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	15,060	-	3,606	-	-	(3,444)	468	15,690	-
Dalian Jilong & Baijian Logistics Co., Ltd.	5,200	-	1,040	-	-	(750)	204	5,694	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	30,925	-	4,212	-	-	(12,063)	1,295	24,369	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	7,226	-	472	-	-	(1,583)	165	6,280	-
Y&C Engine Co., Ltd. ("Y&C Engine")	212,776	-	29,299	-	-	-	-	242,075	-
Shenzhen Cimc Mobile International Service Co., Ltd.	78	-	(41)	-	-	-	-	37	-
Ningbo Meishan Bonded Port Area Chuangzhi Lian-cheng Investment Management Partnership	52,073	-	(1,003)	-	-	-	-	51,070	-
Hangzhou Xinwei Investment Management Partnership	21,083	(3,974)	(414)	-	-	-	-	16,695	-
New Horizon Shipping UG Chemgas Schiffahrts UG (haftungsbeschränkt) & Co. MT "GASCHEMNARWHAL" KG	31,372	-	-	-	-	-	1,579	32,951	-
Shenzhen CIMC Everbright Logistics Equity Investment Fund Partnership (Limited Partnership)	-	50,500	(10)	-	-	-	-	50,490	-
Guangxi Angel Town Education Investment Co., Ltd.	-	1,500	-	-	-	-	-	1,500	-
Total	525,312	44,161	48,554	-	-	(17,840)	3,836	604,023	-

Refer to Note VI.2 for equity in joint ventures.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

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

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

	Movement in current year									31 December 2018	Impairment provisions
	31 December 2017	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	Recognised impairment provision	Others		
Xinyang Wood Hong Kong Co., Ltd. ("XYW")	7,966	-	-	-	-	-	273	-	-	8,239	-
Xiamen CIMC Haitou Container Service Co., Ltd. ("Xiamen CIMC Haitou")	23,234	-	1,696	-	-	(2,274)	275	-	-	22,931	-
Dalian Jilong Logistics Co., Ltd.	48,047	-	1,956	-	-	-	1,224	-	-	51,227	-
Senju(Jiangmen) Technology Material Co., Ltd. ("Senju Jiangmen")	44,066	-	1,927	-	-	(900)	-	-	-	45,093	-
EURtank Oy	8,871	(9,509)	638	-	-	-	-	-	-	-	-
Shanghai Fengyang Real Estate Development Co., Ltd. ("Shanghai Fengyang")	111,433	-	93,650	-	-	-	-	-	-	205,083	-
TSC Group Holdings Limited ("TSC")	193,066	-	-	-	-	-	9,170	-	-	202,236	-
Marine Subsea & Consafe Limited ("MSC")	2	-	-	-	-	-	-	-	-	2	(2)
Tianzhu (Shanghai) International Freight Agency Co., Ltd. ("Tianzhu International")	1,777	-	103	-	-	-	-	-	-	1,880	-
LiHua gas storage and transportation Co., Ltd. ("LiHua Energy")	112,230	-	(1,064)	-	249	-	-	-	-	111,415	-
Jiangsu Ruicheng Machinery Co., Ltd. ("Jiangsu Ruicheng")	33,456	-	5,497	-	-	-	-	-	-	38,953	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd. ("Jiuquan Cryogenic")	2,608	-	-	-	-	-	-	(2,608)	-	2,608	(2,608)
Newtown Optoelectronics Technology (Shanghai) Co., Ltd. ("Newtown Optoelectronics")	16,422	-	(95)	-	-	-	-	-	-	16,327	-



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

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

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

	31 December 2017	Movement in current year								31 December 2018	Impairment provisions
		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	Recognised impairment provision	Others		
Xuzhou CIMC Wood Co., Ltd. ("Xuzhou CIMC Wood")	28,311	-	97	-	-	-	-	-	-	28,408	-
Tianjin Shounong Dongjiang Animal Husbandry Co., Ltd. ("Tianjin Shounong Dongjiang")	25,783	-	(3,001)	-	-	-	-	-	-	22,782	-
Qingdao Port International Trade and Logistics Co., Ltd.	45,151	-	4,417	-	-	-	-	-	-	49,568	-
Tianjin Shounong Import & Export Trading Co. Ltd.	21,110	-	-	-	-	-	-	-	-	21,110	-
Jiahua Shipping Co., Ltd. ("Jiahua Shipping")	119,246	-	-	-	-	-	-	-	-	119,246	-
Xindu Freight Co., Ltd.	1,132	-	359	-	-	(715)	175	-	-	951	-
Chifeng Lvtianyuan Farm Co., Ltd.	6,296	-	-	-	-	-	-	-	-	6,296	-
CIMC Arabia Factory Company Limited	2,971	-	-	-	-	-	-	-	-	2,971	-
North Sea Rigs AS	12,781	-	275	-	-	-	664	-	-	13,720	-
Ningxia Changming Natural Gas Development Co., Ltd. ("Ningxia Changming")	18,290	-	(1,671)	-	-	-	-	-	-	16,619	-
Chengdu To Communication Equipment Co., Ltd.	2,226	-	(336)	-	-	-	-	-	-	1,890	-
Shenzhen Road Network Technology Co., Ltd. ("Shenzhen Road Network")	8,230	-	(1,155)	-	-	-	-	-	-	7,075	-
Beijing Boxcool Exhibition Co., Ltd.	13,093	-	(24)	-	-	-	-	-	-	13,069	-
Guangzhou C-H Control Technology Co., Ltd.	26,323	-	5,000	-	-	-	-	-	-	31,323	-





## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****16. Long-term equity investments (Continued)****(3) Long-term equity investments in associates: (Continued)**

	Movement in current year									31 December 2018	Impairment provisions
	31 December 2017	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	Recognised impairment provision	Others		
Ningbo Mediterranean Container Yard Co., Ltd. ("Ningbo Mediterranean")	-	16,141	4,964	-	-	(797)	-	-	-	20,308	-
Shenzhen Digital Xiang Technology Co., Ltd.	-	450	59	-	-	-	-	-	-	509	-
Zhoushan Changhong International Ship Repair Co., Ltd. ("Zhoushan Changhong")	-	139,000	(4,788)	-	-	-	-	-	-	134,212	-
Hefei Chuangyu New Energy Technology Co., Ltd. ("Hefei Chuangyu")	-	3,032	(233)	-	-	-	-	-	-	2,799	-
Nantong CIMC Yike New Material Development Co., Ltd. ("Nantong Yike")	-	5,483	992	-	-	-	-	-	-	6,475	-
Shenzhen Taiziwan Shangrong Real Estate Co., Ltd. ("Shangrong Real Estate")	-	1,548,667	-	-	-	-	-	-	-	1,548,667	-
Shanghai Yinfeng Robot Co., Ltd.	-	19,941	-	-	-	-	-	-	-	19,941	-
	1,873,185	966,913	117,861	-	3,329	(4,686)	11,885	(2,608)	-	2,968,487	(2,610)

Refer to Note VI.2 for equity in associates.

The Group's investment ratios in TSC, LiHua Energy, Jiangsu Ruichen, Newtown Optoelectronics, Ningxia Changming, Cadro Hydraulic, Zhongyi Xinwei, Henan Yida, Zhoushan Changhong, Hefei Chuangyu 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 2018, except for MSC and Jiuquan Cryogenic, there is no need for the Group to recognise 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 2017: Nil).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****17. Investment properties**

	Buildings and relevant land use rights	Land use rights	Total
1 January 2017	1,139,285	613,323	1,752,608
Changes in fair value	5,344	–	5,344
Transferred from fixed assets	21,120	–	21,120
Transferred from inventories	90,231	–	90,231
Transferred from construction in progress	34,424	–	34,424
Revaluation gains upon transfers	6,681	–	6,681
Transferred to other asset	(26,574)	(150,800)	(177,374)
Disposal in this year	(5,045)	(48,800)	(53,845)
31 December 2017	1,265,466	413,723	1,679,189

	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

In 2018 and 2017, there is no capitalised borrowing costs in investment properties.

In 2018, the impact amount of changes in fair value of investment properties on the Group's current profit or loss was RMB55,223,000 (2017: RMB5,344,000).

In 2018, the Group disposed investment properties with a book value of RMB18,981,000 (2017: RMB53,845,000) and the disposal income was RMB1,798,000 (2017: RMB104,000,000).

As at 31 December 2018, the buildings with carrying amount of about RMB226,781,000 (2017: RMB216,849,000) had not been entitled the property ownership certificates due to unfinished entitling procedures. The certificate is expected to be granted in 2019. As at 31 December 2018, the land use right with carrying amount of RMB31,860,000 has not been entitled the property ownership certificates (2017: RMB208,760,000).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18. Fixed assets**

	31 December 2018	31 December 2017
Fixed assets (a)	23,180,408	22,941,021
Disposal of fixed assets (b)	8,329	147,661
	<b>23,188,737</b>	<b>23,088,682</b>

**(a) Fixed assets**

	Plants and buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering equipment	Dock and wharf	Total
Original cost							
31 December 2017	11,487,473	9,845,355	2,291,556	1,120,789	7,681,718	1,267,335	33,694,226
Business combination	247,409	12,022	2,562	2,295	–	–	264,288
Additions	310,458	333,124	166,789	225,204	31,289	254	1,067,118
Transferred from construction in progress	163,996	658,376	58,179	44,110	622	5,693	930,976
Disposals	(364,363)	(293,444)	(105,738)	(124,281)	–	–	(887,826)
Currency translation differences	16,399	32,619	31,670	25,165	362,232	(13,305)	454,780
31 December 2018	11,861,372	10,588,052	2,445,018	1,293,282	8,075,861	1,259,977	35,523,562
Accumulated depreciation							
31 December 2017	2,933,679	4,396,754	1,168,294	543,978	1,158,593	261,887	10,463,185
Depreciation recognised in current year	382,283	714,207	221,852	100,817	325,228	34,861	1,779,248
Decrease in current year	(101,110)	(174,427)	(57,289)	(80,590)	–	–	(413,416)
Currency translation differences	5,722	(10,732)	17,772	7,203	12,953	(8,581)	24,337
31 December 2018	3,220,574	4,925,802	1,350,629	571,408	1,496,774	288,167	11,853,354
Impairment provisions							
31 December 2017	239,038	47,689	1,253	2,040	–	–	290,020
Provisions	1,281	4,956	3,699	14,767	174,483	–	199,186
Disposals	–	(7,326)	(219)	(68)	–	–	(7,613)
Currency translation differences	413	(239)	1,400	525	6,108	–	8,207
31 December 2018	240,732	45,080	6,133	17,264	180,591	–	489,800
Net book value							
31 December 2018	8,400,066	5,617,170	1,088,256	704,610	6,398,496	971,810	23,180,408
31 December 2017	8,314,756	5,400,912	1,122,009	574,771	6,523,125	1,005,448	22,941,021

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18. Fixed assets (Continued)****(a) Fixed assets (Continued)**

As at 31 December 2018, the equipment with book value of about RMB167,502,000 (original price of RMB285,525,000) was pledged as long-term payable RMB74,196,000 (2017: RMB353,331,000). See Note IV.26 for details.

In 2018, depreciation of fixed assets recognised amounted to RMB1,779,248,000 (2017: RMB1,794,182,000), of which RMB1,463,218,000, RMB24,483,000, RMB267,330,000 and RMB24,217,000 (2017: RMB1,490,953,000, RMB20,483,000, RMB26,183,000 and RMB18,563,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, respectively.

In 2018, the original cost of fixed assets transferred from construction in progress is RMB930,976,000 (2017: RMB1,975,332,000).

**(1) Temporarily idle fixed assets**

As at 31 December 2018, the carrying amount of temporarily idle buildings, machinery and equipment amounts to RMB207,596,000 (original cost of RMB306,162,000) (31 December 2017: carrying amount of RMB148,018,000 and original cost of RMB214,983,000). The following table presents the detail:

	Original amount	Accumulated depreciation	Impairment provisions	Carrying amount
Buildings	208,667	(53,480)	(1,424)	153,763
Machinery and equipment	57,082	(32,283)	–	24,799
Transportation	37,623	(9,786)	–	27,837
Office & other equipment	2,790	(1,593)	–	1,197
	306,162	(97,142)	(1,424)	207,596

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18. Fixed assets (Continued)****(a) Fixed assets (Continued)****(2) Fixed assets held through finance lease:**

	31 December 2018			31 December 2017		
	Original amount	Accumulated depreciation	Carrying amount	Original amount	Accumulated depreciation	Carrying amount
Transportation	330,335	(101,769)	228,566	–	–	–
Machinery and equipment	14,879	(2,078)	12,801	14,779	(677)	14,102
Offshore engineering special equipments	215,832	(106,933)	108,899	33,031	(14,377)	18,654
Total	561,046	(210,780)	350,266	47,810	(15,054)	32,756

The fixed assets held through finance lease mainly consist of off-shore engineering special equipment financially leased by Raffles and transportation equipment financial financially leased by Leasing companies.

**(3) Fixed assets with certificates of ownership unsettled**

	Book balance	Reason for pending
Factory	703,228	Put to use, certificate being in the progress
Office building	33,432	Put to use, certificate being in the progress
Workshop	98,338	Information updated, being in the progress
Dormitory and canteen	56,136	Put to use, certificate being in the progress
Warehouse	63,361	Certificate being in the progress
Others	66,122	Certificate being in the progress
Total	1,020,617	

**(b) Disposal of fixed assets**

	31 December 2018	31 December 2017
Buildings	–	90,505
Machinery and equipment	8,071	55,833
Transportation equipment	56	56
Office & other equipment	202	1,267
Total	8,329	147,661



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 19. Construction in progress

## (1) Construction in progress

	31 December 2018			31 December 2017		
	Book balance	Impairment provisions	Carrying amount	Book balance	Impairment provisions	Carrying amount
Vessels under construction of financing and leasing company	20,878,856	–	20,878,856	18,723,948	–	18,723,948
Raffles H273, H1284 Project	2,910,650	(1,026,214)	1,884,436	2,750,212	–	2,750,212
Dongguan southern CIMC Fenggang phase 1 project	199,405	–	199,405	8,337	–	8,337
YZTH factory relocation project	139,611	–	139,611	7,574	–	7,574
Financial information system construction project	91,707	–	91,707	54,583	–	54,583
Enric Low temperature plant renovation project	75,580	–	75,580	45,988	–	45,988
Zhumadian CIMC hua jun Lighthouse project	59,516	–	59,516	76,842	–	76,842
TAS Industrial Park Phase III Dormitory Project	44,220	–	44,220	9,490	–	9,490
WHVS painting line upgrade project	25,701	–	25,701	755	–	755
Mordern logistic warehouse infrastructure project	23,423	–	23,423	2,876	–	2,876
CIMCSV painting line upgrade	20,838	–	20,838	–	–	–
CIMC TianDa Transportation equipment project	20,310	–	20,310	–	–	–
Dongguan Southern CIMC Fenggang project	19,801	–	19,801	15,633	–	15,633
Enric workshop construction project	18,532	–	18,532	13,678	–	13,678
Dongguan Multimodal Transport building project	18,483	–	18,483	18,030	–	18,030
Zhumadian CIMC hua jun production maintenance investment	16,193	–	16,193	4,740	–	4,740
Jiangmen Vehicle plant renovation project	14,027	–	14,027	–	–	–
TCCIMC relocation and reconstruction project	13,411	–	13,411	4,615	–	4,615
TCCRC workshop renovation project	10,045	–	10,045	11,228	–	11,228
QDCRC Plant renovation project	9,287	–	9,287	–	–	–
XHCIMCS production line and power facilities renovation	7,309	–	7,309	5,352	–	5,352
Jiangsu Trailer Leasing transportation equipment renovation project	5,841	–	5,841	560	–	560
C&C Trucks production equipment project	3,516	–	3,516	1,956	–	1,956

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****19. Construction in progress (Continued)****(1) Construction in progress (Continued)**

	31 December 2018			31 December 2017		
	Book balance	Impairment provisions	Carrying amount	Book balance	Impairment provisions	Carrying amount
Raffles large scale equipment (including 2000T slewing crane)	3,344	–	3,344	3,178	–	3,178
Dongguan CIMC Vehicles logistics equipment project	876	–	876	4,601	–	4,601
Ningbo CIMC Renovation project of water-based paint coating line	–	–	–	11,522	–	11,522
Cold Chain Research Institute Project	–	–	–	50,897	–	50,897
Tianjin CIMC Containers Co., Ltd. water-based paint coating line	–	–	–	11,414	–	11,414
Others	561,406	(860)	560,546	357,896	(1,320)	356,576
<b>Total</b>	<b>25,191,888</b>	<b>(1,027,074)</b>	<b>24,164,814</b>	<b>22,195,905</b>	<b>(1,320)</b>	<b>22,194,585</b>

As at 31 December 2018, the carrying amounts of construction in progress included accumulated capitalised borrowing cost of RMB2,222,614,000 (31 December 2017: RMB1,548,112,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.69% (2017: 3.53%).

As at 31 December 2018 and 31 December 2017, there is no restricted construction in progress of the Group.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 19. Construction in progress (Continued)

## (2) Movement of significant projects of construction in progress during the year

	Budget amount	31 December 2017	Current year additions	Transferred to fixed assets	Transferred to investment properties	31 December 2018	Proportion of expenditures incurred to budget amount (%)	Progress of construction	Cumulative capitalised interests	Including: current year capitalised interests	Interest Capitalisation rate (%)	Source of funds	Currency translation differences
Vessels under construction of financing and leasing company	26,853,573	18,723,948	1,411,855	-	-	20,878,856	95%	56%-100%	1,963,739	642,589	5.73%	Bank loan	743,053
Raffles H273, H1284 Project	2,934,581	2,750,212	21,908	-	-	2,910,650	94%	95%	258,422	31,460	5.02%	Self-funding & bank loan	138,530
Dongguan southern CIMC Fenggang phase 1 project	238,000	8,337	191,068	-	-	199,405	80%	80%	-	-	0.00%	Self-funding	-
YZTH factory relocation project	230,679	7,574	150,269	(18,232)	-	139,611	68%	92%	-	-	0.00%	Self-funding	-
Financial Information System Construction Project of CCHQ	181,160	54,583	37,124	-	-	91,707	51%	85%	-	-	0.00%	Self-funding	-
Enric Low temperature plant renovation project	231,218	45,988	141,320	(111,728)	-	75,580	61%	61%	-	-	0.00%	Self-funding	-
Zhumadian CIMC hua jun Lighthouse project	164,470	76,842	42,575	(59,901)	-	59,516	96%	96%	-	-	0.00%	Self-funding	-
TAS Industrial Park Phase III Dormitory Project	125,000	9,490	34,730	-	-	44,220	28%	50%	-	-	0.00%	Self-funding	-
WHVS painting line upgrade project	35,780	755	24,946	-	-	25,701	70%	82%	-	-	0.00%	Self-funding	-
Mordern logistic warehouse infrastructure project	40,196	2,876	89,689	(69,142)	-	23,423	69%	93%	-	-	0.00%	Self-funding	-
CIMCSV painting line upgrade project	49,000	-	21,008	(170)	-	20,838	43%	43%	-	-	0.00%	Self-funding	-
CIMC TianDa Transportation equipment project	69,052	-	20,310	-	-	20,310	29%	29%	-	-	0.00%	Self-funding	-
Dongguan southern CIMC Fenggang project	25,000	15,633	4,168	-	-	19,801	66%	80%	-	-	0.00%	Self-funding	-
Enric workshop construction project	290,303	13,678	18,686	(13,832)	-	18,532	96%	96%	-	-	0.00%	Self-funding	-
Dongguan Multimodal Transport building project	23,000	18,030	453	-	-	18,483	84%	90%	453	453	2.45%	Bank loan	-

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****19. Construction in progress (Continued)****(2) Movement of significant projects of construction in progress during the year (Continued)**

	Budget amount	31 December 2017	Current year additions	Transferred to fixed assets	Transferred to investment properties	31 December 2018	Proportion of expenditures incurred to budget amount (%)	Progress of construction	Cumulative capitalised interests	Including: current year capitalised interests	Interest Capitalisation rate (%)	Source of funds	Currency translation differences
Zhumadian CIMC Hua Jun production maintenance investment	16,810	4,740	15,120	(3,667)	-	16,193	90%	90%	-	-	0.00%	Self-funding	-
Jiangmen Vehicle plant renovation project	20,000	-	14,027	-	-	14,027	70%	70%	-	-	0.00%	Self-funding	-
TCCIMC relocation and reconstruction project	69,970	4,615	10,471	(1,675)	-	13,411	60%	60%	-	-	0.00%	Self-funding	-
TCCRC workshop renovation project	37,485	11,228	20,788	(21,971)	-	10,045	50%	45%	-	-	0.00%	Self-funding	-
QDCRC Plant renovation project	21,755	-	11,678	(2,391)	-	9,287	70%	70%	-	-	0.00%	Self-funding	-
XHCIMCS production line and power facilities renovation	150,070	5,352	148,293	(146,336)	-	7,309	80%	80%	-	-	0.00%	Self-funding	-
Jiangsu Trailer Leasing transportation equipment renovation project	25,176	560	16,810	(11,529)	-	5,841	87%	87%	-	-	0.00%	Self-funding	-
Production equipment of C&C Trucks	4,658	1,956	2,014	(454)	-	3,516	66%	86%	-	-	0.00%	Self-funding	-
Raffles large scale equipment (including 2000T slewing crane)	327,432	3,178	7	-	-	3,344	86%	86%	-	-	0.00%	Self-funding	159
Dongguan CIMC Vehicles logistics equipment project	388,222	4,601	32,180	(35,905)	-	876	88%	88%	-	-	0.00%	Self-funding	-
Ningbo CIMC Water-based paint coating line reconstruction project	20,050	11,522	683	(12,205)	-	-	61%	100%	-	-	0.00%	Self-funding	-
Cold Chain Research Institute Project	60,000	50,897	4,031	(54,928)	-	-	95%	100%	-	-	0.00%	Self-funding	-
Tianjin CIMC Containers Co., Ltd. water-based paint coating line	60,600	11,414	49,154	(60,568)	-	-	100%	100%	-	-	0.00%	Self-funding	-
Others		356,576	506,997	(306,342)	(12,356)	561,406			-	-	0.00%	Self-funding	16,531
<b>Total</b>		<b>22,194,585</b>	<b>3,042,362</b>	<b>(930,976)</b>	<b>(12,356)</b>	<b>25,191,888</b>			<b>2,222,614</b>	<b>674,502</b>			<b>898,273</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 19. Construction in progress (Continued)

## (3) Impairment provisions of construction in progress

	Impairment provisions of construction in progress					Reason for provision
	31 December 2017	Current year additions	Current year decrease	31 December 2018	Currency translation differences	
Raffles H273, H1284 Project	–	991,561	–	1,026,214	34,653	The fair value of Jack-up drilling platform declines
Others	1,320	317	(777)	860	–	
<b>Total</b>	<b>1,320</b>	<b>991,878</b>	<b>(777)</b>	<b>1,027,074</b>	<b>34,653</b>	

As at 31 December 2018, a provision of RMB991,878,000 has been recognised for impairment of construction in progress (31 December 2017: RMB1,320,000).

## 20. 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 use rights	Franchise rights	Total
Original cost								
31 December 2017	4,114,542	2,074,462	136,177	417,030	332,104	111,700	111,987	7,298,002
Business combination	44,920	18,978	–	12,258	7,428	–	–	83,584
Additions	213,965	129,735	–	–	–	–	900	344,600
Disposals	(122,864)	(29,374)	–	–	–	–	–	(152,238)
Currency translation differences	2,358	705	6,546	(1,398)	(182)	552	5	8,586
<b>31 December 2018</b>	<b>4,252,921</b>	<b>2,194,506</b>	<b>142,723</b>	<b>427,890</b>	<b>339,350</b>	<b>112,252</b>	<b>112,892</b>	<b>7,582,534</b>
Accumulated amortisation								
31 December 2017	749,016	1,162,841	32,510	227,677	208,219	31,339	11,849	2,423,451
Additions	86,447	158,346	–	43,150	40,213	1,730	3,403	333,289
Disposals	(29,709)	(13,126)	–	–	–	–	–	(42,835)
Currency translation differences	861	183	1,550	(511)	(182)	185	5	2,091
<b>31 December 2018</b>	<b>806,615</b>	<b>1,308,244</b>	<b>34,060</b>	<b>270,316</b>	<b>248,250</b>	<b>33,254</b>	<b>15,257</b>	<b>2,715,996</b>
Impairment provisions								
31 December 2017	–	5,387	103,667	1,989	52,264	–	–	163,307
Current year provision	–	3,885	–	34,755	–	–	–	38,640
Currency translation differences	–	(1,048)	4,996	(204)	–	–	–	3,744
<b>31 December 2018</b>	<b>–</b>	<b>8,224</b>	<b>108,663</b>	<b>36,540</b>	<b>52,264</b>	<b>–</b>	<b>–</b>	<b>205,691</b>
Carrying amount								
31 December 2018	3,446,306	878,038	–	121,034	38,836	78,998	97,635	4,660,847
31 December 2017	3,365,526	906,234	–	187,364	71,621	80,361	100,138	4,711,244

In 2018, amortisation expenses of intangible assets amounted to RMB333,289,000 (2017: RMB335,393,000).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****20. Intangible assets and development expenditures (Continued)**

(2) As at 31 December 2018, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for unsettlement
SCIMCEL Tangkeng land use right	55,000	in the progress
C&C Trucks land use right	6,000	in the progress
SCIMCEL dormitory	2,000	in the progress
Total	63,000	

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 2018, there was no restricted intangible assets (31 December 2017: Nil).

(4) As at 31 December 2018, the intangible asset with indefinite useful lives is Gas station Franchise and a trademark right, which amounted to RMB118,961,000 (31 December 2017: RMB53,300,000).

(5) Development expenditures are as follows:

	31 December 2017	Current year additions	Recognised as intangible assets	31 December 2018
Project on vehicle technology	47,629	28,726	(696)	75,659
Project on Xixiang bus research and development	8,161	3,891	(12,052)	–
Others	11,609	14,718	(2,924)	23,403
	67,399	47,335	(15,672)	99,062

In 2018, the Group's development expenditures amounted to RMB1,040,751,000 (2017: RMB725,386,000), among which RMB993,416,000 (2017: RMB651,729,000) was included in the current profits and losses, and RMB47,335,000 was capitalised as intangible assets in current year (2017: RMB73,657,000). As at 31 December 2018, intangible assets transferred from development expenditures within the Group accounted for 0.34% (2017: 1.20%) of the total book value of intangible assets.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****21. Goodwill**

	31 December 2017	Current year additions	Current year decrease	Currency translation differences	31 December 2018
Enric	625,390	–	–	11	625,401
Vehicles UK	344,664	–	–	(8,412)	336,252
TGE SA	170,144	–	–	412	170,556
Bassoe	132,245	–	–	–	132,245
Pteris	108,196	–	–	–	108,196
C&C Trucks	132,145	–	–	–	132,145
Hashenleng	103,530	–	–	–	103,530
China Fire Safety	(1) –	51,265	–	–	51,265
Others	669,254	11,563	(2,364)	(1,463)	676,990
Sub-total	2,285,568	62,828	(2,364)	(9,452)	2,336,580
Less: impairment provisions					
Bassoe	–	132,245	–	–	132,245
C&C Trucks	93,330	38,815	–	–	132,145
Hashenleng	38,000	15,000	–	–	53,000
Others	41,793	24,597	–	(2,185)	64,205
Sub-total	173,123	210,657	–	(2,185)	381,595
Total	2,112,445				1,954,985

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****21. Goodwill (Continued)**

(1) The goodwill arose from the equity exchange between the Group and China Fire Safety Enterprise Group Limited ("China Fire Safety") (Note V.1).

**(2) Impairment test of goodwill allocated to asset groups**

The goodwill allocated to asset groups are summarised by operating segments as follows:

	31 December 2018	31 December 2017
Container asset group	126,896	120,085
Road transportation vehicles asset group	410,906	415,664
Energy and chemical & food equipment asset group	1,019,571	1,036,235
Offshore engineering asset group	–	153,697
Logistics services asset group	118,194	120,558
Heavy truck asset group	–	38,815
Airport equipment asset group	173,927	121,873
Asset groups with insignificant allocation percentage of goodwill group	105,491	105,518
<b>Total</b>	<b>1,954,985</b>	<b>2,112,445</b>

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 is less than the carrying amount, the related difference is recognised in the current profit or loss (Note IV.60). The allocation of the Group's goodwill did not changes in 2018.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****21. Goodwill (Continued)**

- (3) The recoverable amount of asset group and combination of asset groups is based on the 3 to 5 years budget approved by the management and is 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	Bassoe	Pteris	C&C Trucks	Hashenleng
Forecast period						
revenue growth rate	3%-6%	5%-10%	5%-10%	18%	5%-8%	19%
Stable period revenue						
growth rate	3%	2%	2%	2.33%	3%	3%
Gross profit rate	10%-11%	21%	92%	20%-26%	8%-15%	19%
Pre-tax discount rate	11%	16.4%	13.8%	13.48%	15.4%	12.94%

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.

**22. Long-term prepaid expenses**

	31 December 2017	Current year additions	Current year amortisation	Currency translation differences	31 December 2018
Yard facility expenses	7,612	387	(3,992)	(413)	3,594
Project insurance and commission	103,724	140,252	(71,673)	8,040	180,343
Improvements to fixed assets held under operating leases	16,172	25,053	(4,768)	–	36,457
Improvement of engineering vessel	19,523	42,003	(21,739)	2,384	42,171
Others	58,208	43,223	(41,825)	4	59,610
Sub-total	205,239	250,918	(143,997)	10,015	322,175
Less: impairment provisions	–	–	–	–	–
Total	205,239	250,918	(143,997)	10,015	322,175

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****23. 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 2018		31 December 2017	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	2,292,521	528,871	3,015,044	710,854
Accrued liability	690,251	150,097	999,526	209,194
Employee benefits payable	1,802,294	425,089	1,750,600	381,558
Accrued expenses	660,431	153,943	555,749	120,791
Deductible losses	2,754,157	466,237	2,572,434	485,290
Fair value changes of derivative financial instruments	2,234	559	1,063	266
Fair value changes of other debt investments	917	229	–	–
Available-for-sale financial assets	–	–	3,048	762
Intra-group unrealised revenue	84,008	21,002	18,136	4,534
Others	254,007	63,503	318,960	74,698
Sub-total	8,540,820	1,809,530	9,234,560	1,987,947
Offsetting amount	(1,473,052)	(368,263)	(2,285,238)	(571,310)
<b>Offsetting balances</b>	<b>7,067,768</b>	<b>1,441,267</b>	<b>6,949,322</b>	<b>1,416,637</b>
Including:				
Amount expected to be reversed within 1 year (inclusive)		618,756		443,585
Amount expected to be reversed over 1 year		822,511		973,052
		<b>1,441,267</b>		<b>1,416,637</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 23. 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 2018		31 December 2017	
	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	(231,193)	(57,798)	(5,563)	(1,386)
Fair value changes of Investment properties	(803,726)	(196,193)	(611,525)	(158,100)
Revaluation gain through combination	(887,780)	(222,073)	(1,046,962)	(239,756)
Debt restructuring income	(1,364,848)	(341,212)	(2,274,744)	(568,686)
Gross profit of overseas projects (pay tax after completion)	(607,860)	(151,965)	(550,204)	(137,551)
Accelerated depreciation of fixed assets	(608,345)	(146,732)	(380,036)	(121,535)
Non-resident foreign companies pay dividends to the Mainland	(134,928)	(33,732)	(262,580)	(65,645)
Enterprise relocation income	(3,841,160)	(960,290)	–	–
Others	(377,583)	(94,396)	(234,564)	(79,988)
Sub-total	(8,857,423)	(2,204,391)	(5,366,178)	(1,372,647)
Offsetting amount	1,473,052	368,263	2,285,238	571,310
<b>Offsetting balances</b>	<b>(7,384,371)</b>	<b>(1,836,128)</b>	<b>(3,080,940)</b>	<b>(801,337)</b>
Including:				
Amount expected to be reversed within 1 year (inclusive)		(319,605)		(165,263)
Amount expected to be reversed over 1 year		(1,516,523)		(636,074)
		<b>(1,836,128)</b>		<b>(801,337)</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****23. Deferred tax assets and deferred tax liabilities (Continued)****(2) Unrecognised deferred tax assets**

	31 December 2018	31 December 2017
Deductible losses	2,158,143	1,667,129
Impairment losses of SOE	367,116	367,116
Impairment losses of timber concession rights	24,165	23,053
Others	80,763	23,485
<b>Total</b>	<b>2,630,187</b>	<b>2,080,783</b>

**(3) Maturity of deductible losses that are not recognised as deferred tax assets**

	31 December 2018	31 December 2017	Note
2018	–	795,581	
2019	332,527	339,063	
2020	664,648	665,680	
2021	441,084	411,238	1
2022	222,567	222,567	
After 2022	8,143,965	5,406,607	
<b>Total</b>	<b>9,804,791</b>	<b>7,840,736</b>	

Note 1: As at 31 December 2017 and 2018, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

As at 31 December 2018, the Group is 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 is approximately RMB4,679,695,000 (31 December 2017: RMB3,950,999,000). 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 recognised.

The Group had no unrecognised deferred tax liabilities other than the mentioned above.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 24. Other non-current assets

	31 December 2018	31 December 2017
Prepayment for equity acquisition (i)	354,540	–
Prepayment for equipment	7,265	13,516
Prepayment for land use right	6,956	6,956
Prepayment for construction	1,145	64,094
Others	21,848	3,320
Total	391,754	87,886

(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 Fire Truck Co., Ltd. and the 100% of the equity interest in Shanghai Jindun Special Vehicle Equipment Co., Ltd to 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 2018, the transactions were not completed.

## 25. PROVISION FOR ASSET IMPAIRMENT

	31 December 2017	Changes in accounting policies	1 January 2018	Current year additions	Current year decrease		Currency translation differences	31 December 2018
					Reversal	Write-off		
Provision for bad debts of notes and accounts receivables	757,177	78,927	836,104	161,196	(62,650)	(77,013)	5,825	863,462
Provision for bad debts of other receivables	396,543	61,228	457,771	9,246	(6,145)	(29,860)	(5,883)	425,129
Provision for bad debts of long-term receivables(including non-current assets due within one year)	864,992	36,734	901,726	180,944	(2,615)	(19,733)	145	1,060,467
Impairment provisions of available-for-sale financial assets	3,065	(3,065)	–	–	–	–	–	–
Impairment provisions of contract assets	–	32,714	32,714	23,517	–	(19,854)	831	37,208
Sub-total	2,021,777	206,538	2,228,315	374,903	(71,410)	(146,460)	918	2,386,266
Provision for bad debts of advances to suppliers	282,417	–	282,417	2,730	(1,455)	(242,297)	49	41,444
Provision for impairment of inventories and impairment of costs incurred to fulfil a contract	374,359	(32,714)	341,645	999,106	(17,726)	(18,669)	26,002	1,330,358
Impairment provisions of long-term equity investments	2	–	2	2,608	–	–	–	2,610
Impairment provisions of fixed assets	290,020	–	290,020	199,186	–	(7,613)	8,207	489,800
Impairment provisions of construction in progress	1,320	–	1,320	991,878	–	(777)	34,653	1,027,074
Impairment provisions of intangible assets	163,307	–	163,307	38,640	–	–	3,744	205,691
Impairment provisions of goodwill	173,123	–	173,123	210,657	–	–	(2,185)	381,595
Sub-total	1,284,548	(32,714)	1,251,834	2,444,805	(19,181)	(269,356)	70,470	3,478,572
Total	3,306,325	173,824	3,480,149	2,819,708	(90,591)	(415,816)	71,388	5,864,838

Please refer to the respective notes of the assets for reasons of the provision.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****26. Restricted assets**

As at 31 December 2018, assets with restrictions in their ownership are as follows:

	Note	31 December 2017	Current year additions	Current year decrease	Currency translation differences	31 December 2018
– Cash at bank and on hand	IV.1	1,353,836	254,486	(410,509)	–	1,197,813
– Notes receivables	IV.4	72,475	37,981	(27,493)	–	82,963
– Other current assets	IV.11	21,060	118,026	(21,060)	–	118,026
– Long-term receivables	IV.15	8,015,023	543,147	(751,230)	368,540	8,175,480
– Fixed assets	IV.18	353,331	2,196	(188,025)	–	167,502
<b>Total</b>		<b>9,815,725</b>	<b>955,836</b>	<b>(1,398,317)</b>	<b>368,540</b>	<b>9,741,784</b>

The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China of Finance Company. Notes receivables are used for pledging for letter of guarantee and pledging for pool of notes. Refer to Note IV.27 for details of short-term pledged borrowings. The restricted other current assets are discounted notes that have not yet expired and are subject to recourse. Long-term receivables are used as collateral for mortgage loan. Refer to Note IV.18 for fixed assets with restrictions which are used as collateral for long term payables.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 27. Short-term borrowings

## (1) Classification of short-term borrowings

	Note	31 December 2018	31 December 2017
<b>Guaranteed</b>	(a)		
USD		902,830	417,560
RMB		947,955	1,506,156
EUR		372,405	364,490
Sub-total		2,223,190	2,288,206
<b>Pledged</b>	(b)		
RMB		67,900	48,500
<b>Unsecured</b>			
USD		12,613,997	10,133,467
EUR		349,224	197,552
GBP		62,550	–
RMB		4,358,170	2,330,975
AUD		1,540	–
Hong Kong Dollar (HKD)		45,990	249,100
Sub-total		17,431,471	12,911,094
<b>Rediscounted notes</b>			
RMB		44,800	48,487
<b>Discounted notes</b>			
RMB		130,860	21,060
<b>Total</b>		<b>19,898,221</b>	<b>15,317,347</b>

- (a) As at 31 December 2018, guaranteed borrowings of the Group consisted of the followings: subsidiary CIMC Albert Zigler GmbH had a loan of EUR21,800,000 (equivalent to RMB171,115,000) guaranteed by the Company; subsidiary Hongxin Berg had a loan of RMB49,949,000 guaranteed by subsidiary CIMC financing and leasing; subsidiary CIMC financing and leasing had a loan of RMB3,000,000 guaranteed by the Henan Taiyuan Investment Guarantee Co., Ltd.; subsidiary C&C Trucks had a loan of RMB625,000,000 guaranteed by the Company; subsidiary C&C Trucks marketing had a loan of RMB100,000,000 guaranteed by subsidiary HI; subsidiary CIMC Raffles had a loan of RMB170,006,000 and USD1,312,000 (equivalent to RMB9,008,000) guaranteed by subsidiary CIMC Raffles Marine Engineering (Singapore) Pte Ltd.; subsidiary CIMC Vehicles Investment Holdings Co., Ltd. had a loan of EUR1,115,000 (equivalent to RMB9,025,000), USD35,230,000 (equivalent to RMB241,798,000) guaranteed by subsidiary HI; subsidiary Fortune had a loan of USD95,000,000 (equivalent to RMB652,024,000) and EUR28,013,000 (equivalent to RMB192,265,000) guaranteed by subsidiary CIMC HongKong.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****27. Short-term borrowings (Continued)****(1) Classification of short-term borrowings (Continued)**

- (b) As at 31 December 2018, the pledged loans of the Group was the loans of C&C Trucks pledged with Bank acceptance bill from China Merchants Bank Co., Ltd. Wuhu Branch, amounting to RMB67,900,000.
- (c) As at 31 December 2018, 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 RMB44,800,000 with a rediscount rate of 2.25% (31 December 2017: 2.25%).
- (d) As at 31 December 2018, 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 2018, the interest rate of short term borrowing ranged from 1.40% to 6.40% (31 December 2017: 1.30% to 6.09%).

**28. Financial liabilities at fair value through profit or loss**

		31 December 2018	31 December 2017
<b>Current</b>			
Derivative financial liabilities			
– Forward foreign exchange contracts	IV.2(b)	–	241
– Foreign exchange option contracts	IV.2(c)	–	819
– Currency swap	IV.2(e)	–	1,351
– Interest rate swap	IV.2(d)	–	614
Sub-total		–	3,025
<b>Non-current</b>			
Financial guarantee contracts		–	37,807
Sub-total		–	37,807
Total		–	40,832



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****29. Notes and accounts payables**

	31 December 2018	31 December 2017
Notes payables (a)	1,889,785	1,785,456
Accounts payables (b)	13,210,828	12,216,311
	15,100,613	14,001,767

**(a) Notes payables**

	31 December 2018	31 December 2017
Bank acceptance notes	1,572,287	1,331,106
Trade acceptance notes	317,498	454,350
Total	1,889,785	1,785,456

The above notes payables are due within one year.

**(b) Accounts payables**

	31 December 2018	31 December 2017
Due to raw materials suppliers	10,758,110	10,124,956
Integrated logistics service charges	598,652	559,737
Project contract charges	797,069	341,552
Project procurement charges	227,014	387,357
Due to equipment suppliers	627,542	579,407
Transportation charges	98,615	81,816
Processing charges	31,264	43,661
Others	72,562	97,825
Total	13,210,828	12,216,311

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****29. Notes and accounts payables (Continued)****(b) Accounts payables (Continued)**

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

	31 December 2018	31 December 2017
Within 1 year (inclusive)	12,532,684	11,538,059
1 to 2 years (inclusive)	413,234	313,282
2 to 3 years (inclusive)	60,703	157,749
Over 3 years	204,207	207,221
<b>Total</b>	<b>13,210,828</b>	<b>12,216,311</b>

As at 31 December 2018, accounts payables over 1 year with a carrying amount of RMB678,144,000 (31 December 2017: RMB678,252,000) are mainly payables related to offshore engineering business and energy and chemical business. Since the production cycle of the offshore business engineering project and energy and chemical business is usually more than one year, the payables have not yet been settled.

(2) *As at 31 December 2018, 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 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Y&C Engine	Joint venture	70,814	0.54%	45,506	0.37%
Ningbo Mediterranean	Associates	5,993	0.05%	–	–
Qingchen Bamboo	Associates	2,459	0.02%	17,097	0.14%
Ningguo guangshen	Associates	1,572	0.01%	16,999	0.14%
Shanghai Shenyi	Joint venture	1,299	0.01%	513	0.00%
Senju (Jiangmen)	Associates	1,211	0.01%	–	–
Qingdao Port International Trade and Logistics Co., Ltd.	Associates	632	0.00%	–	–
TSC	Associates	136	0.00%	7,959	0.07%
Shaanxi Zhongqi	Minority shareholders of subsidiaries	–	–	20,300	0.17%
Xuzhou CIMC Wood Co., Ltd.	Associates	–	–	14,813	0.12%
Guangxi southern logistics	Joint venture	–	–	8,884	0.07%
Ningxia changming	Associates	–	–	2,931	0.02%
Asahi Trading Co., Ltd.	Minority shareholders of subsidiaries	–	–	2,162	0.02%
Other related parties		532	0.00%	1,331	0.01%
<b>Total</b>		<b>84,648</b>	<b>0.64%</b>	<b>138,495</b>	<b>1.13%</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****30. Advances from customers****(1) Advances from customers**

	31 December 2018	31 December 2017
Advances for goods	–	4,074,032
Advances for property	–	282,207
Advances for construction	–	168,297
Advances for trade and logistics	–	51,218
Rental advances	132,001	–
Others	–	48,334
<b>Total</b>	<b>132,001</b>	<b>4,624,088</b>

**(2) As at 31 December 2018, there is no advanced receipts from those who hold more than 5% (inclusive) of the voting rights or related parties. Advances from related parties is as follows:**

Company name	Relationship with the Group	31 December 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
New Horizons Shipping UG	Joint venture	–	–	47,046	1.02%
Shaanxi Zhongqi	Minority shareholders of subsidiaries	–	–	895	0.02%
Other related parties		–	–	2	0.00%
<b>Total</b>		<b>–</b>	<b>–</b>	<b>47,943</b>	<b>1.04%</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****31. Contract liabilities**

	31 December 2018	31 December 2017
Advances for goods	4,916,865	–
Advances for property	1,842,577	–
Advances for trade and logistics	433,682	–
Advances for construction	58,964	–
<b>Total</b>	<b>7,252,088</b>	<b>–</b>

As at 1 January 2018, the balance of the Group's contract liabilities was RMB4,575,754,000, of which RMB4,283,537,000 was transferred to the revenue from main operations.

Refer to Note V.1, the amount of contract liabilities increased by RMB1,792,530,000, due to the business combination not under the common control.

As at 31 December 2018, 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 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Tianzhu International	Associates	32	0.00%	–	–

**32. Employee benefits payable**

	Note	31 December 2018	31 December 2017
Short-term wages	(1)	3,067,102	2,678,016
Defined contribution plans	(2)	28,547	31,862
Dismissal welfare	(3)	1,169	3,604
		<b>3,096,818</b>	<b>2,713,482</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

## 32. Employee benefits payable (Continued)

## (1) Short-term wages

	31 December 2017	Current year additions	Current year decrease	Currency translation differences	31 December 2018
Wages and salaries, bonuses, allowances and subsidies	2,231,158	6,976,939	(6,636,049)	(3,837)	2,568,211
Profit-sharing and senior management bonus	291,339	98,012	(22,341)	–	367,010
Housing funds	24,851	203,847	(204,835)	42	23,905
Labor union funds and employee education funds	64,044	57,399	(62,907)	579	59,115
Social security contributions and others	17,559	207,110	(214,987)	–	9,682
Including: Medical insurance	13,444	170,242	(178,636)	–	5,050
Work injury insurance	2,079	21,477	(21,582)	–	1,974
Maternity insurance	2,036	15,391	(14,769)	–	2,658
Other short-term wages	49,065	785,964	(795,870)	20	39,179
Total	2,678,016	8,329,271	(7,936,989)	(3,196)	3,067,102

## (2) Defined contribution plans

	31 December 2017	Current year additions	Current year decrease	Currency translation differences	31 December 2018
Basic pensions	27,846	494,429	(496,855)	–	25,420
Unemployment insurance	3,810	11,229	(12,536)	–	2,503
Enterprise annuities	206	4,419	(4,001)	–	624
Total	31,862	510,077	(513,392)	–	28,547

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****32. Employee benefits payable (Continued)****(3) Dismissal welfare**

	31 December 2018	31 December 2017
Others (i)	1,169	3,604

(i) As at 31 December 2018, the Group provide other compensation amounting to RMB1,169,000 to compensate for the termination of employment relationship.

Salaries, bonuses, allowances and subsidies shall be the Group's performance-related bonuses based on the Group's annual performance assessment plan and results of the Group, except for the amount of wages accrued for current month but to be paid next month. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management; therefore, there was a balance of such accrued bonus at the end of the year.

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.

**33. Taxes payable**

	31 December 2018	31 December 2017
Value-added-tax payable	279,663	186,770
Corporate income tax payable	1,031,831	822,993
Withholding individual income tax	25,208	32,777
City maintenance and construction tax payable	40,387	26,230
Educational surcharge payable	28,804	16,385
Land appreciation tax	689,927	184,597
Others	98,265	94,234
<b>Total</b>	<b>2,194,085</b>	<b>1,363,986</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

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

## 34. Other payables

## (1) Other payables

	Note	31 December 2018	31 December 2017
Advance received		2,576,594	2,233,781
Amount due to minority shareholders	(3)	2,217,676	760,942
Accruals		1,976,076	1,881,848
Quality guarantees		411,952	372,504
Transportation expenses		323,744	314,679
Restructuring provisions		216,839	304,625
Restricted stock repurchase		144,977	–
Equipment or land use rights		64,580	95,402
Insurances		27,893	20,755
Royalties		7,323	2,063
Housing maintenance fees		6,938	280
Professional and training fees		5,537	16,930
External commission		2,454	65,395
Interest Payable		540,524	377,793
Including: Interest of redemption rights of strategic investors	IV.42	299,969	199,980
Interest of short-term borrowings		51,000	39,082
Interest of corporate bonds		108,179	86,241
Interest of long-term borrowings		81,376	52,490
Dividends due to minority shareholders		63,088	254,434
Others		750,318	785,337
<b>Total</b>		<b>9,336,513</b>	<b>7,486,768</b>

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantees and various deposits.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****34. Other payables (Continued)**

- (3) As at 31 December 2018, 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	Relationship with the Group	31 December 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Country Garden Real Estate Group Co., Ltd. ("Country Garden Real Estate")	Minority shareholder of subsidiary	2,193,807	23.50%	707,143	9.45%
LiHua Energy Gasfin	Associate Minority shareholder of subsidiary	33,605	0.36%	33,605	0.45%
Ningxia Changming	Associate	23,869	0.26%	51,329	0.69%
Y&C Engine	Joint venture	11,900	0.13%	11,900	0.16%
Ningbo Mediterranean	Associate	7,605	0.08%	12,729	0.17%
Zhongyi Xinwei	Associate	4,000	0.04%	–	–
OOS International B.V.	Associate	3,500	0.04%	3,500	0.05%
Shanghai Fengyang	Associate	1,603	0.02%	1,568	0.02%
Xinyang wood	Associate	–	–	26,390	0.35%
Inland Services B.V. (Netherlands)	Associate	–	–	3,118	0.04%
Beijing Bawei Aviation Facilities Management Co., Ltd.	Minority shareholder of subsidiary	–	–	1,757	0.02%
Other related parties	Minority shareholder of subsidiary	–	–	713	0.01%
		335	0.00%	260	0.00%
<b>Total</b>		<b>2,280,224</b>	<b>24.43%</b>	<b>854,012</b>	<b>11.41%</b>



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 35. Provisions

	Note	31 December 2017	Current year additions	Current year payment	Current year reversal	Currency translation differences	31 December 2018
Product warranties	(1)	917,415	346,813	(190,675)	(130,272)	2,259	945,540
Loss of pending actions		145,148	3,952	(105,261)	(40,171)	647	4,315
Relocation compensation		131,625	22,150	(49,253)	–	–	104,522
Others	(2)	20,716	31,838	(16,933)	(6,456)	(268)	28,897
<b>Total</b>		<b>1,214,904</b>	<b>404,753</b>	<b>(362,122)</b>	<b>(176,899)</b>	<b>2,638</b>	<b>1,083,274</b>

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions – Warranties for product quality" represents the Group's estimated obligation for such warranties of products sold out during the year and in the previous fiscal years.
- (2) HI, one of the subsidiaries, provides the guarantee for the banking loans by which the customers buy vehicle products from HI. HI would accrue a provision for the ending balance of the loan guarantee, considering the credit quality.

## 36. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	31 December 2018	31 December 2017
Current portion of long-term borrowings	IV.38		
– Unsecured		3,853,624	2,134,980
– Mortgaged		1,460,417	1,476,028
– Guaranteed		279,708	371,618
		<b>5,593,749</b>	<b>3,982,626</b>
Current portion of long-term payables	IV.40		
Finance lease payables		83,384	107,388
Less: unrealised financing expense		(8,585)	(14,034)
Finance lease payables – net		<b>74,799</b>	<b>93,354</b>
Others		2,128	7,255
		<b>76,927</b>	<b>100,609</b>
Debentures payable due within one year	IV.39	7,986,500	–
Deferred income	IV.41	398,872	–
Others		19,553	2,344
<b>Total</b>		<b>14,075,601</b>	<b>4,085,579</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 37. Other current liabilities

	Note	31 December 2018	31 December 2017
Commercial paper issued by the Group		–	588,235
Ultra short-term financing bonds	(1)	1,000,000	–
Others		24,221	7,672
		1,024,221	595,907

- (1) The Company issued a total of 5 ultra short-term financing bonds in 2018. The amount of the first issue was RMB1 billion, with an annual interest rate of 4.3%, and the issue period was 125 days; the amount of the second issue was RMB1 billion, with an annual interest rate of 4.25%, and the issue period was 112 days; the amount of the third issue was RMB2 billion, with an annual interest rate of 4.10%, and the issue period was 125 days; the amount of the fourth issue was RMB1 billion, with an annual interest rate of 2.75%, and the period was 44 days; the amount of the fifth issue was RMB1 billion, and the issue period was 180 days. In 2018, the issue price and face value of each ultra short-term financing bonds were RMB100, and the principal and interest were repaid at maturity. There is no guarantee and the issue was for institutional investors in the inter-bank bond market.

## 38. Long-term borrowings

## (1) Classification of long-term borrowings

	Note	31 December 2018	31 December 2017
Bank borrowings			
– Unsecured		6,343,416	10,668,493
– Mortgaged	(i)	4,968,336	5,236,902
– Guaranteed	(ii)	20,051,770	12,217,399
		31,363,522	28,122,794
Less: current portion of long-term borrowings			
– Unsecured		(3,853,624)	(2,134,980)
– Mortgaged	(i)	(1,460,417)	(1,476,028)
– Guaranteed	(ii)	(279,708)	(371,618)
		(5,593,749)	(3,982,626)
Total		25,769,773	24,140,168

- (i) As at 31 December 2018, the Group's long-term mortgaged borrowings were comprised of the followings: Subsidiary CIMC financing and leasing borrowed USD704,049,000 (equivalent to RMB4,832,037,000) from the bank, using the contractual object of its finance lease as collateral, and an amount of USD212,789,000 (equivalent to RMB1,460,417,000) will expire within one year; subsidiary Hongxin Berg used its long-term receivables as collateral to borrow RMB136,299,000 from the bank.
- (ii) As at 31 December 2018, the Group's long-term guaranteed borrowings were comprised of the followings: guaranteed borrowings of subsidiary Fortune amounted to USD2,523,000,000 (equivalent to RMB17,316,404,000) which was guaranteed by CIMC HK; The guaranteed loan of subsidiary Dongguan CIMC Intelligent Technology guaranteed by Dongguan CIMC Innovation Industrial Park Development Co., Ltd. and Shenzhen CIMC Intelligent Technology Co., Ltd. amount to RMB6,541,000; The guaranteed loan of subsidiary CIMC Financing and Leasing guaranteed by CIMC HK amounted to USD52,835,000 (equivalent to RMB765,338,000), including the guaranteed loan expire during one year were USD24,626,000 (equivalent to RMB169,013,000); The guaranteed loan of subsidiary Vehicles UK guaranteed by HI amount to GBP21,000,000 (equivalent to RMB182,134,000), including the guaranteed loan expire during one year were GBP12,074,000 (equivalent to RMB104,716,000); The guaranteed loan of subsidiary Hongxin Berg guaranteed by CIMC Financing and Leasing amount to RMB33,659,000, including the guaranteed loan to be expired in one year of RMB5,979,000; The guaranteed loan of subsidiary CIMC Chancheng guaranteed by the Company amount to RMB1,646,194,000; The guaranteed loan of subsidiary Zhumadian CIMC Huajun Casting Co. Ltd. guaranteed by HI amount to RMB69,800,000; The guaranteed loan of subsidiary Gansu CIMC Huajun Vehicle Co., Ltd. guaranteed by HI amount to RMB16,900,000; The guaranteed loan of subsidiary Qingdao CIMC Eco-Equipment Co., Ltd. guaranteed by HI amount to RMB14,800,000.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 38. Long-term borrowings (Continued)

- (2) No amount due to the shareholders who hold more than 5% (inclusive) of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings (31 December 2017: Nil).
- (3) As at 31 December 2018, the interest rate of long-term borrowings ranged from 1.20% to 7.13% (31 December 2017: 1.20% to 7.03%).

## 39. Debentures payable

	Note	31 December 2018	31 December 2017
Medium-term notes	(1)	9,986,500	7,986,500
Convertible bond	(2)	19,275	–
Less: debentures payable due within one year		(7,986,500)	–
Total		2,019,275	7,986,500

- (1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
16 CIMC MTN001 (i)	3,500,000	2016/8/11	3 years	3,500,000
16 CIMC MTN002 (i)	2,500,000	2016/8/22	3 years	2,500,000
16 CIMC MTN003 (ii)	2,000,000	2016/10/17	3+N years	1,986,500
18 CIMC MTN001 (iii)	2,000,000	2018/10/15	3 years	2,000,000
Total	10,000,000			9,986,500

- (i) The Company issued medium-term notes (MTN) with amount of RMB3.5 billion on 11 August 2016; with par value and issue price of RMB100 respectively per note and fixed interest rate of 3.07% per annum. Interest is to be paid on 11 August each year in the arrears until redemption and par value to be paid on 11 August 2019. As at 22 August 2016, the Company made the second issue with amount of RMB2.5 billion with par value and issue price of RMB100 respectively per note and fixed interest rate of 3.15% per annum was successfully issued publicly. Interest is to be paid on 22 August each year in the arrears until redemption and par value to be paid on 22 August 2019. The notes are unsecured and targets institutional investors in the national inter-bank market.
- (ii) As at 17 October 2016, the Company issued medium-term notes with amount of RMB2 billion at face value. The net amount after deducting the issue fee was RMB1,986,500,000. The first three interest-bearing years are accrued at an interest rate of 3.89% per annum and are paid annually from 14 October, 2017 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every 3 years. The medium-term notes have no fixed expiry dates and may be redeemed by the Company on or after 14 October, 2019 at their nominal value, together with a payment of any accrued, unpaid or deferred interest. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or any other payment to securities that are inferior to the midterm notes. As a result of the holder's protection clause, without the waiver of the note holder, the Company is required to repay the principal and interest if the Company and subsidiaries that it hold is more than 80% equity has failed to settle any financial institution loans due or exceed the agreed amount. Therefore, the medium term notes are treated as liabilities. On 8 October 2018, the Company issued the announcement that the above-mentioned medium-term notes are due for payment on 17 October, 2019.
- (iii) The Company issued medium-term notes with amount of RMB2 billion on 15 October 2018; with par value and issue price of RMB100 respectively per note and fixed interest rate of 4.29% per annum. Interest is 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****39. Debentures payable (Continued)****(2) Convertible bonds**

CIMC-TianDa Holdings Co., Ltd (“CIMC TianDa”, formerly known as China Fire Safety Enterprise Group Limited (“China Fire Safety”)), a subsidiary of the Group, issued convertible bonds with aggregate principal amount of RMB2,093,133,000 on 23 April 2018, to satisfy part of the consideration for the conversion agreement (Note V.1(2)). The convertible bonds are to be matured on 22 April 2048. They bear interest from and including the issue date at 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, as calculated using the Binomial Pricing Model, was approximately RMB2,177,015,000 at the date of issue and have been split between the liability element and an equity component. During year ended 31 December 2018, convertible bonds with an aggregate principal value of RMB699,975,000 has been converted into shares of CIMC TianDa at the initial conversion price. The value of the liability component of the convertible bonds at 31 December 2018 is as follows:

	Held by the Group	Held by other third party	Total
Fair value of the convertible bonds at date of issue	1,603,110	573,905	2,177,015
Equity component	(1,515,237)	(542,447)	(2,057,684)
Liability component at date of issue	87,873	31,458	119,331
Conversion into shares of CIMC TianDa	(26,675)	(13,325)	(40,000)
Interest charged	4,606	1,376	5,982
Interest payable	(752)	(234)	(986)
Liability component at 31 December 2018	65,052	19,275	84,327

The parameters used in the valuation model at the date of issuance are as follows:

Share price	RMB0.3230
Conversion price	RMB0.3111
Expected volatility	51%
Expected life	30 years
Risk free rate	4.07%
Expected dividend yield	Nil

As at 31 December 2018, CIMC TianDa recognised a liability component of the convertible bonds of RMB84,327,000; the Group recognised a debentures payables of RMB19,275,000.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****40. Long-term payables**

	31 December 2018	31 December 2017
Finance lease payables	43,909	229,806
Less: unrealised financing expenses	(3,634)	(10,585)
Finance lease payables – net	40,275	219,221
Deposits payable	187,631	101,834
Others	8,685	40,341
Total	236,591	361,396

**(1) Details of finance lease payables**

As at 31 December 2018, the total future minimum lease payments under finance lease, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

	31 December 2018	31 December 2017
Minimum lease payments		
Within 1 year (inclusive)	83,384	107,388
Over 1 year but within 2 years (inclusive)	7,442	182,388
Over 2 years but within 3 years (inclusive)	9,355	5,427
Over 3 years	27,112	41,991
Sub-total	127,293	337,194
Less: unrecognised finance expenses	(12,219)	(24,619)
Carrying amounts	115,074	312,575

The Group had no finance lease payables guaranteed by independent third party during the year.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41. Deferred income**

	Note	31 December 2017	Current year additions	Current year decrease	31 December 2018	Reason
Government grants	(1)	841,086	630,577	(101,914)	1,369,749	Government Grants received, to be recognised in future periods
Others		5,146	650	(5,080)	716	Outright sale of operating leasing receivables, to be recognised in future periods
Sub-total		846,232	631,227	(106,994)	1,370,465	
Less: deferred income due within one year		–	(398,872)	–	(398,872)	
<b>Total</b>		<b>846,232</b>	<b>232,355</b>	<b>(106,994)</b>	<b>971,593</b>	

**(1) Government grants**

	31 December 2017	Increase in the current year	Other income	31 December 2018	Asset related/ Income related
YZTH relocation compensation	–	398,872	–	398,872	Asset related
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project budget report	200,000	–	–	200,000	Asset related
Enric relocation compensation	177,121	–	(7,133)	169,988	Asset related
Enric new factory government grants	76,927	–	(3,469)	73,458	Asset related
CIMC Offshore Holdings natural gas hydrate drilling and mining equipment research and development project	–	50,000	(2,241)	47,759	Income related
CIMC Offshore Holdings marine engineering intelligent key technology research and system development project	–	45,800	(2,555)	43,245	Income related
Shaanxi CIMC Vehicles Industry Garden construction grants	46,384	–	(3,484)	42,900	Asset related
Ningbo Container Manufacture industry support funds	38,000	–	–	38,000	Asset related
TAS industrial base project	28,612	–	(1,643)	26,969	Asset related

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 41. Deferred income (Continued)

## (1) Government grants (Continued)

	31 December 2017	Increase in the current year	Other income	31 December 2018	Asset related/ Income related
C&C Trucks government build donation	27,321	–	(924)	26,397	Asset related
QDCRC world bank foaming equipment project	27,537	–	(2,311)	25,226	Asset related
EMA deep-water semi-submersible support platform project	8,205	8,010	(490)	15,725	Asset related
Yantai Raffles Marine Engineering Equipment Testing and Testing Platform Construction	14,840	736	(354)	15,222	Asset related
QDSCR world bank foaming equipment project	13,484	–	(1,132)	12,352	Asset related
Taicang CIMC Special Logistics Equipment Co. Ltd.	11,092	–	(304)	10,788	Asset related
MEA received the special fund/cloud platform project of the independent innovation demonstration zone	–	12,000	(1,699)	10,301	Asset related
TCCIMC land compensation	9,599	–	(262)	9,337	Income related
XHCIMCS Zhujiang river bank advanced equipment manufacturing special fund	8,440	–	–	8,440	Asset related
CQLE Land grant fee refund	7,820	–	(200)	7,620	Income related
Yantai Raffles Marine Equipment Virtual Reality Training R&D Center	7,022	326	(136)	7,212	Asset related
High-end marine engineering equipment innovation capacity building project	7,000	–	–	7,000	Asset related
NTCIMCS major achievements transformation project	8,000	1,000	(2,319)	6,681	Asset related
Zhenhua Group Drop and Pull Transport program	7,573	–	(1,493)	6,080	Asset related
CIMC Offshore Hoildings offshore test platform project	–	6,837	(993)	5,844	Income related
TAS information technology development special fund	6,080	–	(724)	5,356	Asset related

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41. Deferred income (Continued)****(1) Government grants (Continued)**

	31 December 2017	Increase in the current year	Other income	31 December 2018	Asset related/ Income related
MEA-other	6,301	–	(1,083)	5,218	Asset related
Enric's green platform for liquefied gas storage and transportation equipment based on reduced design ("green manufacturing")	–	8,000	(2,800)	5,200	Asset related
Shenzhen Super Luxury Yacht R&D Design Laboratory Project	4,915	–	(912)	4,003	Asset related
Land supporting funds and technical R&D funds of Shandong vehicles	4,045	–	(225)	3,820	Asset related
Jiajing Technology key Industry Technology Research Institute technical support	–	4,325	(539)	3,786	Asset related
MEA special funds to support industrial innovation	5,520	–	(1,840)	3,680	Asset related
A variety of communication interface special equipment controller and system industrialization project	4,180	–	(1,000)	3,180	Asset related
Shenzhen Star Base Equipment and Technology Engineering Laboratory Project	4,083	–	(1,000)	3,083	Asset related
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	2,031	–	(227)	1,804	Asset related
C&C Truck equipment finance lease subsidies	2,013	–	(525)	1,488	Asset related
TAS technology development fund	789	–	(97)	692	Asset related
Yantai Raffles Seventh Generation Super Deep-water Drilling Platform (Boat) Innovation Special	4,087	33,565	(37,652)	–	Asset related
Others	72,065	61,106	(20,148)	113,023	Asset related/Income related
	841,086	630,577	(101,914)	1,369,749	



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 42. Other non-current liabilities

	Notes	31 December 2018	31 December 2017
Capital increment from strategic investors	(1)	1,249,826	1,249,826
Commitment of dividends to minority shareholders	IV.5(5)	487,632	487,632
Rental advances		11,241	11,607
Others	(2)	362,755	22,681
		2,111,454	1,771,746

- (1) 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 HI 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 HI 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 HI will be 16.822%, 1.544%, 0.929% and 1.544% of whole HI shares. Also, the contract regulates that if HI 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 HI in the form of cash. The repurchase price should be the sum of (a) the sub-scription 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.

The equity of HI that the investors have right to ask repurchase should be fully recognised as a liability because of the existence of right of repurchase; as at 31 December 2018, the relevant liability was RMB1,249,826,000 (31 December 2017: RMB1,249,826,000).

- (2) Others are mainly the Group's subsidiaries Hongxin Berg and Tianjin Binhai New Area Hongxin Berg Leasing Co., Ltd., as the original equity holders, issued the "Zhongtai Securities-Xingzhen Asset Management-Hongxin Berg Leasing Asset Support Special Plan".

## 43. Share capital

	31 December 2017 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2018 '000
<b>Shares subject to trading restriction</b>					
– Held by domestic natural person	499	338	–	(75)	762
<b>Shares not subject to trading restriction</b>					
– RMB-denominated ordinary shares	1,265,813	2,100	(338)	75	1,267,650
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
<b>Total</b>	<b>2,982,889</b>	<b>2,438</b>	<b>(338)</b>	<b>–</b>	<b>2,984,989</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****43. Share capital (Continued)**

	31 December 2016 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2017 '000
<b>Shares subject to trading restriction</b>					
– Held by domestic natural person	699	–	–	(200)	499
<b>Shares not subject to trading restriction</b>					
– RMB-denominated ordinary shares	1,261,301	4,312	–	200	1,265,813
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
<b>Total</b>	<b>2,978,577</b>	<b>4,312</b>	<b>–</b>	<b>–</b>	<b>2,982,889</b>

The par value of the aforesaid shares was RMB1.00.

**44. Other equity instruments**

	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
<b>Total</b>	<b>2,033,043</b>	<b>3,981,604</b>	<b>77,841</b>	<b>(2,103,800)</b>	<b>18,857</b>	<b>4,007,545</b>

	31 December 2016	Interest at par value	Paid in current year	31 December 2017
15 CIMC MTN001	2,049,035	87,808	(103,800)	2,033,043

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****44. Other equity instruments (Continued)**

On 16 June 2015, the Group issued unsecured perpetual bond at par value of RMB2,000 million ("15 CIMC MTN001"). The net value amounted to RMB1,981,143,000 after the deduction of issue expenses. The equity instrument was issued for common corporate financing. The interest rate is 5.19% per annum at the first 3 interest-bearing year. From 16 June 2016, the interest is 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 buy it back at the par value together with any accrued, unpaid or deferred interest after 16 June 2018 or later. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or any other payment to securities that are inferior to the midterm notes of current period. The company has chosen to pay the principal and interest of the perpetual bond on June 19 2018, and there is no balance at the end of the period.

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 can not distribute dividend, reduce capital or others.

On 4 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****45. Capital reserve**

	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
<b>Total</b>	<b>4,209,663</b>	<b>218,953</b>	<b>(300,216)</b>	<b>4,128,400</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 45. Capital reserve (Continued)

	31 December 2016	Current year additions	Current year decrease	31 December 2017
Capital surplus	3,590,421	73,823	–	3,664,244
Other capital reserve:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	420,004	10,789	(30,077)	400,716
– Capital reserve due to share option exercised by subsidiary	15,967	–	(799)	15,168
– Capital reserve due to minority shareholders' contribution	435,101	1,001,904	–	1,437,005
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	900,031	4,869	–	904,900
– Capital reserve due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital reserve due to acquiring minority shareholders' equity	(246,669)	–	(280,185)	(526,854)
– 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)	–	–	(51,925)
– Recognition of buy-back right granted to minority shareholders	(1,549,826)	300,000	–	(1,249,826)
– Others	120,987	2,754	–	123,741
<b>Total</b>	<b>3,126,585</b>	<b>1,394,139</b>	<b>(311,061)</b>	<b>4,209,663</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****46. Other comprehensive income**

	31 December 2017	Changes in accounting policies	2018					31 December 2018
			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

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 46. Other comprehensive income (Continued)

	2017					
	31 December 2016	Pre-tax amount incurred	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	31 December 2017
Item that may be reclassified subsequently to profit and loss:						
– Property revaluation reserve	43,754	–	–	–	–	43,754
– Changes in fair value of available-for-sale financial assets	(3,344)	862	(294)	568	–	(2,776)
– Cash flow hedges	80	4,299	(645)	3,654	–	3,734
– Currency translation differences	(164,200)	(182,393)	–	(124,633)	(57,760)	(288,833)
– Transfer of other comprehensive income from the sale of investment properties	–	(52,115)	13,029	(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	481,051	6,681	(1,670)	5,011	–	486,062
	357,341	(206,218)	10,420	(138,038)	(57,760)	219,303

## 47. Surplus reserve

	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

	31 December 2016	Current year additions	Current year decrease	31 December 2017
Statutory surplus reserve	1,489,287	2,156	–	1,491,443
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,279,379	2,156	–	3,281,535

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****47. Surplus reserve (Continued)**

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.

**48. Undistributed profits**

	Note	2018	2017
Undistributed profits at the beginning of the year		19,734,494	17,495,053
Changes in accounting policies		(146,737)	–
Undistributed profits at the beginning of the year		19,587,757	17,495,053
Add: net profit attributable to the shareholders and other equity holders of the Company for the current year		3,380,436	2,509,242
Less: influence of issuing perpetual bonds		(77,841)	(87,808)
Less: appropriation for surplus reserve		(1,050)	(2,156)
Less: ordinary share dividends payable	(1)	(806,533)	(179,837)
Undistributed profits at the end of the year		22,082,769	19,734,494

**(1) Dividends of ordinary shares declared during the year**

	2018	2017
Dividends proposed but not declared	–	–
Total proposed dividends in the year	806,533	179,837

In accordance with the resolution at the shareholders' general meeting of the Company, as at 8 June 2018, the Company paid a cash dividend in the amount of RMB0.27 per share to the ordinary shareholders as at 20 July 2018 (2017: RMB0.06 per share), amounted RMB806,533,000 (2017: RMB179,837,000).



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****49. Revenue and cost of sales**

	2018	2017
Revenue from main operations	91,482,249	74,527,712
Revenue from other operations	2,015,373	1,772,218
Total	93,497,622	76,299,930
Cost of sales from main operations	78,710,264	61,592,397
Cost of sales from other operations	876,144	700,318
Total	79,586,408	62,292,715

**(1) Revenue and cost of sales from main operations by industries and by products**

	2018		2017	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers	30,464,969	27,969,140	24,200,544	20,917,849
Road transportation vehicles	23,664,329	20,624,896	18,749,176	15,460,715
Energy and chemical and food equipment	13,660,325	11,220,126	11,292,494	9,299,324
Logistics services	8,542,388	7,839,944	8,122,208	7,341,586
Airport facilities	4,226,984	3,428,707	3,493,022	2,789,850
Heavy truck	2,319,494	2,168,724	2,481,839	2,364,158
Finance	2,019,373	1,225,044	2,257,689	594,679
Offshore engineering	1,563,021	1,538,716	1,172,509	979,334
Real estate	2,868,680	1,514,313	927,194	566,268
Others	2,152,686	1,180,654	1,831,037	1,278,634
Total	91,482,249	78,710,264	74,527,712	61,592,397

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****49. Revenue and cost of sales (Continued)****(2) Revenue and cost of sales from main operations by locations**

	2018		2017	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R. China (PRC)	79,720,654	68,381,014	64,249,317	52,879,005
Europe	6,069,969	5,183,829	6,041,917	5,115,910
America	4,212,951	3,847,300	3,236,531	2,733,360
Asia (except for PRC)	1,032,071	893,110	692,578	593,656
Others	446,604	405,011	307,369	270,466
<b>Total</b>	<b>91,482,249</b>	<b>78,710,264</b>	<b>74,527,712</b>	<b>61,592,397</b>

The revenue and cost of sales from main operations by locations is determined on the location at which the services were provided or the goods were delivered.

**(3) Revenue and cost of sales from other operations**

	2018		2017	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	1,336,249	422,644	1,112,771	436,712
Sale of raw materials	679,124	453,500	659,447	263,606
<b>Total</b>	<b>2,015,373</b>	<b>876,144</b>	<b>1,772,218</b>	<b>700,318</b>

	2018										
	Containers	Road transportation vehicles	Energy and chemical and food equipment	Offshore engineering	Airport facilities	Logistics services	Finance	Real estate	Heavy truck	Others	Total
Revenue from main operations											
Including:											
Recognised at a point in time	30,464,969	23,558,821	9,756,152	98,138	3,651,373	-	2,932	2,868,680	2,319,494	2,152,686	74,873,245
Recognised over time	-	105,508	3,904,173	1,464,883	575,611	8,542,388	35,576	-	-	-	14,628,139
Finance lease income	-	-	-	-	-	-	1,980,865	-	-	-	1,980,865
	30,464,969	23,664,329	13,660,325	1,563,021	4,226,984	8,542,388	2,019,373	2,868,680	2,319,494	2,152,686	91,482,249

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****50. Taxes and surcharges**

	2018	2017	Standard
City maintenance and construction tax	121,161	108,394	7% of VAT
Educational sur-charge	90,326	82,806	3% – 5% of VAT paid
Tenure tax	120,823	125,022	Actual using area of land and unit tax
Land appreciation tax	478,144	75,163	Appreciation amount in transferring property and applicable tax rate
Housing property tax	93,174	79,706	Real estate surplus or property rental income and applicable tax rate
Stamp Duty	42,993	33,213	Amount or number of taxable voucher and applicable tax rate or unit tax
Others	8,936	12,419	
<b>Total</b>	<b>955,557</b>	<b>516,723</b>	

**51. Selling and distribution expenses**

	2018	2017
Employ benefits	841,175	811,113
Selling operation	325,171	359,520
Warranty	160,559	207,391
External sales commission	101,775	101,040
Advertising	54,597	49,150
Product maintenance fee	47,754	40,163
Agency fees	45,965	38,631
Storage	41,099	14,025
Transportation and distribution expenses	38,476	1,138,257
Others	87,689	167,428
<b>Total</b>	<b>1,744,260</b>	<b>2,926,718</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****52. General and administrative expenses**

	2018	2017
Employ benefits	2,596,090	2,238,096
Performance bonus and profit sharing bonus	540,381	476,910
Agency fees	361,257	269,891
Amortisation	272,857	265,686
Depreciation	267,330	282,746
Rental	177,405	192,377
Entertainment fee	145,269	122,249
Travel expenses	124,951	113,955
Taxes and surcharges	123,756	119,552
Low-value consumables and materials consumed	102,151	120,275
Share-based payment expenses	29,960	16,324
Audit fee	15,150	13,460
Insurance, external repairing expenses and others	402,433	598,804
<b>Total</b>	<b>5,158,990</b>	<b>4,830,325</b>

**53. Research and development expenses**

	2018	2017
Research and development labor costs	431,430	289,026
Direct material consumption	353,070	263,183
Design fee	67,584	23,294
Testing fee	63,722	21,338
Depreciation and amortisation	33,633	25,780
Others	43,977	29,108
<b>Total</b>	<b>993,416</b>	<b>651,729</b>

**54. Financial expenses**

	2018	2017
Interest expenses	2,602,562	1,666,516
Less: capitalised borrowing costs	(674,502)	(517,890)
Less: interest income	(590,292)	(227,261)
Exchange gains/(losses)	(314,994)	378,290
Others	136,122	146,666
<b>Total</b>	<b>1,158,896</b>	<b>1,446,321</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****55. 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:

	2018	2017
Finished goods and work-in-progress movement	(1,101,778)	(1,549,743)
Consumption of raw materials and low priced and easily worn articles, etc	70,382,585	56,575,054
Salary and wages	8,839,348	7,402,385
Depreciation and amortisation	2,256,534	2,343,346
Rental	339,514	319,052
Shipping and handling charges	1,591,078	1,184,077
Selling operation expenses	325,171	359,520
Power expenses	796,409	672,161
Processing and repairing expenses	908,092	633,742
Audit fee	15,150	13,460
Other expenses-other research and development expenses	199,042	73,740
Other expenses-other manufacturing expenses	601,865	470,498
Other expenses-other selling and distribution expenses	467,203	557,183
Other expenses-other general and administrative expenses	1,862,861	1,647,012
	<b>87,483,074</b>	<b>70,701,487</b>

**56. Fair value (losses)/gains**

	2018	2017
<b>Financial assets at fair value through profit or loss</b>		
– Changes in fair value during the year		
1. Fair value gains on equity instruments held for trading	2,800	56,175
2. Fair value (losses)/gains on derivative financial instruments	(198,596)	21,454
– Gains/(losses) for derecognised financial assets at fair value through profit or loss	226,918	(1,252)
Sub-total	31,122	76,377
<b>Investment properties at fair value</b>	55,223	5,344
<b>Financial liabilities at fair value through profit or loss</b>		
– Changes in fair value during the year		
1. Fair value (losses)/gains on derivative financial instruments	(338,398)	12,813
2. Fair value gains on financial guarantee contracts	12,433	16,782
Sub-total	(325,965)	29,595
Total	(239,620)	111,316

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****57. Investment (losses)/income****Investment (losses)/income by categories**

	2018	2017
Income from disposal of financial assets/liabilities held for trading	32	3,362
Income from other equity instruments during the holding period	7,655	12,727
Loss from disposal of derivative financial instruments	(226,950)	(2,110)
Income from long-term equity investments under equity method	166,415	30,675
Income from disposal of long-term equity investment	113,061	458,808
Loss from step-by-step acquisition of changes in the fair value of the original equity	(158,226)	–
Others	15,984	6,889
<b>Total</b>	<b>(82,029)</b>	<b>510,351</b>

**58. Gains on disposals of assets**

	2018	2017	Amount recognised in non-recurring profit or loss in 2018
Gains on disposals of fixed assets (i)	114,381	196,786	114,381
Loss on disposals of fixed assets	(11,313)	(95,995)	(11,313)
Gains on disposals of intangible assets (i)	5,138,843	14,838	1,297,683
Loss on disposals of intangible assets	–	(2,295)	–
<b>Total</b>	<b>5,241,911</b>	<b>113,334</b>	<b>1,400,751</b>

- (i) In 2018, the Group's subsidiary Qianhai Jicheng and Qianhai Jiyun acquired the land from Qianhai Administration, the original land holder, SCIMC recognised a income of RMB3,841,160,000 this year. In 2018, the Group's subsidiary QDCRC and QDCSR recognised a compensation income of the land, housing, facilities, auxiliary equipment, storage and demolition of RMB1,369,117,000.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****59. Other income**

	2018	2017	Asset related/ Income related
Financial subsidies	315,474	392,270	Asset related/ Income related
Tax refund	53,209	56,791	Income related
Others	18,139	23,565	Income related
<b>Total</b>	<b>386,822</b>	<b>472,626</b>	

**60. Asset impairment losses**

	2018	2017
Construction in progress	991,878	–
Inventories and costs incurred to fulfil a contract	981,380	173,932
Goodwill	210,657	38,000
Fixed assets	199,186	20,252
Intangible assets	38,640	–
Long-term equity investments	2,608	–
Advances to suppliers	1,275	56,724
Accounts receivables	–	140,192
Other receivables	–	118,582
Long-term receivables (including current portion of non-current assets)	–	123,659
<b>Total</b>	<b>2,425,624</b>	<b>671,341</b>

**61. Credit losses**

	2018	2017
Long-term receivables (including current portion of non-current assets)	178,329	–
Notes and accounts receivables	98,546	–
Contract assets	23,517	–
Other receivables	3,101	–
Financial guarantee for vehicle loans	1,057	–
<b>Total</b>	<b>304,550</b>	<b>–</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****62. Non-operating income**

	Note	2018	2017	Amount recognised in non-recurring profit or loss in 2018
Unpayable payables	(i)	101,866	26,033	101,866
Gained by mergers and acquisitions		101,297	68,701	101,297
Compensation income		71,718	11,812	71,718
Penalty income		57,652	22,808	57,652
Relocation compensation		21,393	445,677	21,393
Other		20,965	47,390	20,965
<b>Total</b>		<b>374,891</b>	<b>622,421</b>	<b>374,891</b>

- (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 RMB47,889,000 was written off and recognised as non-operating income due to the fact that Enric was no longer obliged to pay the customs on those bonded materials.

**63. Non-operating expenses**

	2018	2017	Amount recognised in non-recurring profit or loss in 2018
Losses of disposals of fixed assets	52,966	97,699	52,966
Abnormal losses	26,410	109,925	26,410
Penalty expenses	25,773	6,922	25,773
Compensation expenses	25,004	16,684	25,004
Donations	7,019	2,592	7,019
Relocation compensation expenses	–	131,625	–
Others	31,166	19,418	31,166
<b>Total</b>	<b>168,338</b>	<b>384,865</b>	<b>168,338</b>



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****64. Income tax expenses**

	2018	2017
Current income tax calculated based on tax law and related regulations	1,648,740	1,266,361
Deferred income tax	966,363	(15,535)
<b>Total</b>	<b>2,615,103</b>	<b>1,250,826</b>

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2018	2017
Profit before tax	6,683,558	4,409,241
Income tax expenses calculated at applicable tax rates	2,011,351	974,772
Effect of tax incentive	(107,526)	(148,887)
Expenses not deductible for tax purposes	168,497	135,909
Other income not subject to tax	(216,090)	(37,101)
Deductible losses in previously unrecognised deferred income tax assets	(107,395)	(128,878)
Deductible losses in unrecognised deferred income tax assets	768,224	464,203
Deductible temporary differences in unrecognised deferred income tax assets	93,846	75,039
Deductible temporary differences for which no deferred tax asset was recognised in previous years	(35,456)	(27,358)
Effect of tax rate change on deferred tax	23,499	(32,540)
Tax refund for income tax annual filing	16,153	(24,333)
<b>Income tax expenses</b>	<b>2,615,103</b>	<b>1,250,826</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****65. 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:

	2018	2017
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	3,380,436	2,509,242
Influence of the issuing of perpetual bonds	(77,841)	(87,808)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	3,302,595	2,421,434
Weighted average number of ordinary shares outstanding('000)	2,984,672	2,980,056
Basic earnings per share(RMB/share)	1.11	0.81
Including:going concern basic earnings per share	1.11	0.81

**(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:

	2018	2017
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	3,380,436	2,509,242
Influence of the issuing of perpetual bonds by the Company	(77,841)	(87,808)
Influence of the issuing of convertible bonds by subsidiaries	(1,141)	–
Influence of share option program by subsidiaries	(5,484)	(1,371)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	3,295,970	2,420,063
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	2,993,458	2,988,147
Diluted earnings per share(RMB/share)	1.10	0.81

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 65. Earnings per share (Continued)

## (2) Diluted earnings per share (Continued)

(a) Calculation of weighted average number of ordinary shares outstanding (diluted):

	2018	2017
Weighted average number of ordinary shares out-standing ('000)	2,984,672	2,980,056
Effect of share options ('000)	8,786	8,091
Weighted average number of ordinary shares out-standing (diluted) ('000)	2,993,458	2,988,147

The board of directors of the Company was authorised to grant 60,000,000 shares (2.00% of the total issued shares 2,984,672,278) to the senior management and other staffs. Refer to Note IX for details.

## 66. Notes to the consolidated cash flow statement

## (1) Cash received related to other operating activities

	2018	2017
Interest received	600,609	195,021
Cash received from government grants related to assets	232,355	189,452
Cash received from government grants related to income	226,619	232,101
Relocation compensation received	182,564	1,183,551
Cash received from compensation income	71,718	11,812
Cash received from penalty income	57,652	22,808
Others	302,823	46,633
Total	1,674,340	1,881,378

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****66. Notes to the consolidated cash flow statement (Continued)****(2) Cash paid related to other operating activities**

	2018	2017
Cash paid for transportation and distribution expenses	1,591,078	1,184,077
Cash paid for rental, insurance and other selling and distribution expenses	156,928	261,025
Cash paid for technical development costs	528,353	651,729
Cash paid for warranty	178,109	128,190
Cash paid for sales operation fee	325,171	359,520
Cash paid for entertainment fee	547,702	835,464
Cash paid for travelling, office expenditure and other expenses in ordinary operation	2,600,514	2,397,683
<b>Total</b>	<b>5,927,855</b>	<b>5,817,688</b>

**(3) Cash received related to other investing activities**

	2018	2017
Cash received from share option exercised by minority shareholders	18,922	16,474
Cash received from loan from minority shareholders	1,456,734	–
Cash received from issuance of asset supporting plan	359,628	–
Others	63,275	–
<b>Total</b>	<b>1,898,559</b>	<b>16,474</b>

**(4) Cash received related to other financing activities**

	2018	2017
Cash paid for minority shareholders	407,088	6,134,277

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****67. 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:*

	2018	2017
Net profit	4,068,455	3,158,415
Add: impairment provisions for assets	2,730,174	671,341
depreciation of fixed assets	1,779,248	1,794,182
amortisation of intangible assets	333,289	335,393
amortisation of long-term prepaid expenses	143,997	213,771
(gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	(5,188,945)	97,699
gains from mergers and acquisitions	(101,297)	(68,701)
losses/(gains) on changes in fair value	239,620	(111,316)
financial expense	1,928,060	1,666,516
investment losses/(income)	82,029	(510,351)
share-based payment expenses	29,960	16,324
increase in deferred tax assets	(14,352)	(158,967)
deferred income amortisation	(106,994)	(178,108)
increase in deferred tax liabilities	1,023,109	64,627
increase in inventories	(830,366)	(1,772,602)
increase in operating receivables	(8,713,111)	(5,369,090)
increase in operating payables	2,737,856	4,615,698
Net cash flows from operating activities	140,732	4,464,831

*(b) Net increase in cash and cash equivalents:*

	2018	2017
Cash and cash equivalents at the end of the year	10,532,753	5,442,857
Less: cash and cash equivalents at the beginning of the year	(5,442,857)	(6,338,667)
Net increase/(decrease) in cash and cash equivalents	5,089,896	(895,810)

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****67. Information to cash flow statement (Continued)****(2) Information on acquisition of subsidiaries and other business units during the year**

	2018	2017
I. Information on acquisition of subsidiaries		
Cash and cash equivalents paid for acquisition	85,141	814,800
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	28,944	250,655
Net cash paid for the acquisition	56,197	564,145
Net assets held by the acquired subsidiaries at acquisition date		
Current assets	2,730,627	1,677,482
Non-current assets	82,736	653,113
Current liabilities	(2,487,616)	(1,306,414)
Non-current liabilities	(59,654)	(107,244)
Minority interests	66,285	(14,194)

**(3) Information on disposal of subsidiaries or other undertakings**

	31 December 2018	31 December 2017
I. Information on disposal of subsidiaries:		
1. Cash and cash equivalent received on disposal of subsidiaries or other undertakings	60,219	506,972
Less: Cash and cash equivalents remained on disposal day of disposed subsidiaries or other undertakings	9,138	31,343
2. Net cash and cash equivalent received on disposal of subsidiaries or other undertakings	51,081	475,629
Price of disposed subsidiaries in 2018	60,219	651,133
Net asset of disposal subsidiaries at disposal date		
Current asset	53,159	189,441
Non-current asset	128,105	332,514
Current liabilities	(211,852)	(404,461)
Non-current liabilities	–	(915)
Minority interest	3,319	75,746

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****67. Information to cash flow statement (Continued)****(4) Cash and cash equivalents**

	31 December 2018	31 December 2017
I. Cash		
Including: Cash on hand	7,935	4,406
Cash at bank that can be readily drawn on demand	8,450,105	4,224,232
Other monetary fund that can be readily drawn on demand	73,299	13,840
II. Redemptory monetary capital for sale and withdrawal of funds by Finance Company	2,001,414	1,200,379
III. Cash and cash equivalents at the end of the year	10,532,753	5,442,857

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****68. Monetary items denominated in foreign currency**

	31 December 2018		
	Functional currency '000	Exchange Rate	in RMB '000
Monetary fund –			
USD	194,245	6.8634	1,333,181
EUR	50,862	7.8493	399,231
HKD	107,441	0.8762	94,140
THB	352,819	0.2110	74,445
GBP	6,220	8.6730	53,946
AUD	7,702	4.8239	37,154
JPY	427,825	0.0619	26,482
Others			232,210
			2,250,789
Accounts receivables –			
USD	1,407,025	6.8634	9,656,975
EUR	108,950	7.8493	855,181
GBP	39,490	8.6730	342,497
JPY	1,665,904	0.0619	103,119
HKD	47,101	0.8762	41,270
AUD	6,699	4.8239	32,315
THB	21,762	0.2110	4,592
Others			153,609
			11,189,558
Other receivables –			
USD	122,412	6.8634	840,163
GBP	7,412	8.6730	64,284
HKD	32,747	0.8762	28,693
EUR	126	7.8493	989
THB	2,415	0.2110	510
AUD	6	4.8239	29
Others			38,157
			972,825
Long term receivables –			
USD	1,546,928	6.8634	10,617,186
HKD	184,740	0.8762	161,869
Others			7,381
			10,786,436



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

## 68. Monetary items denominated in foreign currency (Continued)

	31 December 2018		
	Functional currency '000	Exchange Rate	in RMB '000
Short-term borrowings –			
USD	1,969,402	6.8634	13,516,794
EUR	91,936	7.8493	721,633
HKD	52,489	0.8762	45,991
			14,284,418
Accounts payables –			
USD	1,036,180	6.8634	7,111,718
EUR	61,416	7.8493	482,073
GBP	49,761	8.6730	431,577
AUD	14,728	4.8239	71,046
HKD	54,608	0.8762	47,848
THB	16,102	0.2110	3,398
JPY	1,715	0.0619	106
Others			175,405
			8,323,171
Other payables –			
USD	96,610	6.8634	663,073
EUR	11,961	7.8493	93,885
GBP	6,712	8.6730	58,213
AUD	2,471	4.8239	11,920
HKD	9,250	0.8762	8,105
THB	15,848	0.2110	3,344
JPY	1,058	0.0619	65
Others			194,096
			1,032,701
Long-term borrowings –			
USD	3,112,428	6.8634	21,361,838
AUD	23,968	4.8239	115,619
GBP	41	8.6730	356
			21,477,813
Long term payables –			
USD	19,743	6.8634	135,504
EUR	281	7.8493	2,206
Others			644
			138,354

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)).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**V. CHANGES IN THE SCOPE OF CONSOLIDATION****1. Business combinations involving enterprises not under common control****(1) Business combinations involving enterprises not under common control**

The acquiree	The 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
CIMC-TianDa Holdings Company Ltd (CIMC TianDa) (2)	23 April 2018	1,242,520	51.00%	Reverse acquisitions	23 April 2018	Date of equity settlement	549,359	24,617	51,651	161,438
Dongguan Zhengyi (3)	30 November 2018	47,619	43.05%	By cash	30 November 2018	Date of the appointment of directors, supervisors, and manager, and completion of industrial and commercial registration	1,750,856	409,392	(369,426)	(322,863)
Jiangsu Baojing (4)	29 December 2018	45,613	100.00%	By cash	29 December 2018	Date of the approval of board of directors and approval of the new constitution	-	-	-	-

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)****1. Business combinations involving enterprises not under common control (Continued)****(2) CIMC TianDa**

On 23 April 2018, the Group completed the equity exchange deal with China Fire Safety Enterprise Group Limited ("China Fire Safety"). The Group agreed to dispose its 99.41% equity of Pteris Global Limited ("Pteris", registered in Singapore and non-wholly owned subsidiary of the Group) and 30% equity of Shenzhen CIMC-TianDa Airport Support Ltd. ("TAS", registered in Shenzhen and non-wholly owned subsidiary of the Group) to China Fire Safety, and funneled the equity of Pteris and TAS it owned into China Fire Safety. As for the consideration, China Fire Safety agreed to issue to the Group new shares (7,470,108,040 shares at the price of HKD0.366 each) and convertible bonds in the principal amount of RMB2,093,134,000.

Before this transaction, the Group has already held 30% of equity interests in China Fire Safety, and the Group's equity interests in China Fire Safety increased to 51% after the completion of the deal. Since then, China Fire Safety became an indirect and non-wholly owned subsidiary of the Company, and renamed as "CIMC-TianDa Holdings Company Limited" ("CIMC TianDa"). Pteris and TAS are still the subsidiaries of the Company.

**(a) Combination cost and the profit or loss recognised are as follows:**

Combination cost	
Cash and cash equivalents	–
Fair value of the new shares, treated as shares transferred to the original shareholders of China Fire Safety	1,242,520
– The original equity of China Fire Safety held by the Group (30%)	531,873
– Non-controlling interests – other shareholders of China Fire Safety	710,647
Total combination cost	1,242,520
Less: Fair value of identifiable net assets obtained	1,191,255
Goodwill	51,265

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)****1. Business combinations involving enterprises not under common control (Continued)****(2) CIMC TianDa (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 2017 Carrying amount
Cash at bank and on hand	86,217	86,217	133,897
Notes and accounts receivables	214,817	214,817	263,642
Contract assets	42,272	42,272	42,272
Advances to suppliers and other receivables	108,433	108,433	89,356
Inventories	255,569	238,936	124,841
Fixed assets	186,950	176,813	179,156
Intangible assets	83,398	32,289	31,761
Long-term equity investments	565,090	565,090	566,926
Deferred tax assets	10,278	10,278	–
Goodwill	–	7,630	7,630
Accounts payables and other payables	(342,445)	(342,445)	(309,522)
Taxes payable	(1,399)	(1,399)	(5,371)
Deferred tax liabilities	(11,682)	–	–
Provisions	(6,243)	(6,243)	(16,224)
Total identifiable net assets	1,191,255	1,132,688	1,108,364
Goodwill	51,265		
Cost	1,242,520		

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

## 1. Business combinations involving enterprises not under common control (Continued)

## (3) Dongguan Zhengyi

On 6 November 2018, CIMC Chancheng, a subsidiary of the Group, entered a cooperation agreement with Dongguan BGY and Dongguan Mayong Country Garden Real Estate Development Co., Ltd. Pursuant to the agreement, CIMC Chancheng injected capital of RMB47,619,000 to their subsidiary Dongguan Zhengyi, in order to acquire 70% of equity interests.

## (a) Combination cost and the profit or loss recognised are as follows:

Combination cost	
Cash and cash equivalents	47,619
Total combination cost	47,619
Less: fair value of identifiable net assets obtained	148,916
Non-operating income	(101,297)

## (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 2017 Carrying amount
Cash at bank and on hand	147	147	109,659
Other receivables	1,513,098	1,513,098	1,780,131
Advances to suppliers	204,124	204,124	120,624
Inventories	931,442	931,442	727,491
Fixed assets	1,000	1,000	76
Deferred tax assets	–	–	832
Notes payables	(2,481)	(2,481)	(6,241)
Accounts payables	(420,208)	(420,208)	(48,105)
Contract liabilities	(1,755,974)	(1,755,974)	(2,442,017)
Employee benefits payable	–	–	(1,020)
Other payables	(59,049)	(59,049)	(230,061)
Taxes payable	(199,362)	(199,362)	(59,640)
Net assets	212,737	212,737	(48,271)
Less: minority interests	63,821		
Net assets acquired	148,916		

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)****1. Business combinations involving enterprises not under common control (Continued)****(4) Jiangsu Baojing**

(a) *Combination cost and the profit or loss recognised are as follows:*

Combination cost	
Cash and cash equivalents	26,000
Fair value of the previously held equity of Jiangsu Baojing(48%)	19,613
Total combination cost	45,613
Less: fair value of identifiable net assets obtained	40,861
Goodwill	4,752

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 2017 Carrying amount
Cash at bank and on hand	12,439	12,439	14,302
Accounts receivables	10,073	10,073	1,854
Advances to suppliers	456	456	8,909
Other receivables	307	307	695
Inventories	14,830	14,830	7,627
Other current assets	7,173	7,173	5,078
Fixed assets	49,469	49,469	44,336
Construction in progress	5,582	5,582	2,276
Intangible assets	186	186	191
Notes and accounts payables	(26,172)	(26,172)	(30,850)
Contract liabilities	(124)	(124)	(8,122)
Other payables	(32,478)	(32,478)	(624)
Employee benefits payable	(878)	(878)	(844)
Taxes payable	(2)	(2)	–
Net assets	40,861	40,861	44,828
Less: minority interests	–	–	–
Net assets acquired	40,861	–	–

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## 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
Dalian Railway	10,219	100%	Selling	2 February 2018	The contract stipulates that the seller shall complete the liquidation of the liability that the buyer has not agreed in writing, or the seller shall have the right to refuse to pay the price and shall not be liable for any breach of contract. As at 2 February 2018, the purchaser repaid the debt of RMB120 million agreed in writing, and the unwritten debts were cleared, and the risks and benefits were transferred.	51,183	-

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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
Beijing Vehicle	50,000	100%	70% sold in 2016, without loss of control, 30% sold in 2018, for a package deal	31 January 2018	As at 31 January 2018, the purchaser has paid the full purchase price, and has completed the transfer of the relevant board of directors and the procedures for industrial and commercial changes, and the transfer of risks and benefits.	47,000	-
Nantong Yike	-	20%	The increase in capital by minority shareholders causes the equity to be diluted and lose control	31 January 2018	As at 31 January 2018, the minority shareholders completed the capital increase and the equity was diluted and lost control.	2,088	(1,990)



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)****2. Disposal of subsidiaries (Continued)**

The disposal of gain or loss information is as follows:

	Dalian Railway	Beijing Vehicles	Nantong Yike
The calculation of disposal profit is as follow:			
Disposal price	10,219	50,000	–
Fair value of the original held equity after being diluted	–	–	5,483
Less: net assets share at the consolidated financial statement level	(40,964)	3,000	3,395
Other comprehensive income transferred to profit or loss	–	–	(1,990)
Investment income from disposal	51,183	47,000	98

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES****1. Equity in subsidiaries**

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

As at 31 December 2018, the number of companies included in the scope of consolidation added up to 685. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 520. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation, and 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	-	71.00%
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	USD 39,956,400	-	81.50%
6	Shenzhen Shangqi Real Estate Co., Ltd. ("SZ Shangqi")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development	RMB 61,224,490,000	-	51%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	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 15,000,000	-	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	USD 14,388,000	-	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	-	71.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	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 65,498,958	-	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	-	100.00%
16	Beijing JingXin XiangNeng Technology Co., Ltd. ("Beijing JinXin 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	-	65.00%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	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. ("CIMC 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	12.00%	74.76%
21	Longyan CIMC New Material Development Co., Ltd. ("Longyan New Material Development")	Business entity	Zhangping Fujian	Zhangping Fujian	Technology development of new eco-material, sale of chemical materials	RMB 3,000,000	-	50.54%
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 Shaanxi	Xi'an Shaanxi	Development and production of various trailer, special-use vehicles as well as components and parts; professional services	RMB 50,000,000	-	47.50%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	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. ("Jiangmen Vehicle")	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	-	48.50%
26	Jijiang Technology Co., Ltd. ("Jijiang 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%
27	Guangzhou CIMC Container Service Co., Ltd. ("Guangzhou Service")	Business entity	Guangzhou	Guangzhou	Maintenance and leasing of containers,	RMB 10,010,000	-	60.00%
28	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%
29	Qingdao Refrigeration Transport Equipment Co., Ltd. ("QDRV")	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and sales of various refrigerator truck, insulated truck, other transport equipment and spare parts	USD 29,405,000	-	75.80%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
30	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%
31	Chengdu Vehicle Industrial Park Management Co., Ltd. ("Chengdu Vehicle Industrial Park")	Business entity	Chengdu Sichuan	Chengdu Sichuan	Industrial park operation management, logistics management	RMB 2,000,000	-	84.70%
32	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%
33	Shenzhen Shengji Logistics Transportation Co., Ltd. ("Shenzhen Shengji")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Vehicle and machinery equipment leasing, wholesale and retail of vehicle gadgets	RMB 20,000,000	-	50.63%
34	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%
35	Liaoning Hashenleng Gas liquefaction equipment Co., Ltd. ("Hashenleng")	Business entity	Liaoning	Liaoning	Natural gas liquefaction equipment, CBM liquefaction equipment; design, production and sales of relevant auxiliary equipment	RMB 50,000,000	-	42.19%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
36	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%
37	CIMC Shenfa Development Co., Ltd. ("CIMC SD")	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB 204,123,000	98.53%	1.47%
38	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	-	50.84%
39	CIMC Vehicles (Group) Co., Ltd. ("HI")	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	44.33%	19.00%
40	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%



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
41	Tianjin CIMC Logistics Equipments Co., Ltd. ("TJIMCLE")	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipment and relevant components and parts	USD 10,000,000	-	83.50%
42	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%
43	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%
44	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	62.70%	37.30%
45	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 70,294,188	59.46%	8.54%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
46	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%
47	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	-	76.84%
48	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	-	47.50%
49	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	-	61.50%
50	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	RMB 128,300,000	-	100.00%
51	Guangdong CIMC building construction Co. Ltd. ("Guangdong CIMC building construction")	Business entity	Guangdong	Guangdong	Module supply	RMB50,000,000	-	100.00%
52	Shanghai CIMC Baojian Vehicle Teting Co., Ltd. ("Shanghai Baojian")	Business entity	Shanghai	Shanghai	Vehicle comprehensive performance test vehicle deposit and odd jobs handling	RMB3,300,000	-	50.03%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
53	CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Business entity	Yantai Shandong	Yantai Shandong	Research and development of marine operation platform and other marine	RMB 150,000,000	75.00%	25.00%
54	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%
55	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	–	75.8%
56	Shenzhen CIMC Industry & City Development Co., Ltd. ("CIMC Chancheng")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development	RMB 339,512,100	–	61.50%
57	Yangzhou CIMC grand space Real Estate Development Co., Ltd. ("CIMC Haoyu")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Real estate development, sales and leasing	RMB 25,000,000	–	76.90%
58	Qianhai Jicheng Real Estate Development (Shenzhen) Co., Ltd. ("Qianhai Jicheng")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development, sales and leasing	RMB 30,000,000	–	100.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
59	Chengdu CIMC Industrial Park Investment and Development Co., Ltd. ("Chengdu Industrial Park")	Business entity	Chengdu Sichuan	Chengdu Sichuan	Construction, management and lease of storage and relevant facilities; sales of vehicles and accessories	RMB 60,000,000	-	84.70%
60	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%
61	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 75,000,000	100.00%	-
62	Ocean Engineering Design & Research Institute of CIMC ("SHOE")	Business entity	Shanghai	Shanghai	Design and research of marine operation platform and other ocean engineering	RMB 50,000,000	-	100.00%
63	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%	-
64	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%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
65	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	-	100.00%
66	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%	-
67	CIMC Modular Building Investment Co., Ltd. ("Modular Investment")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Equity investment, investment management and real estate investment	RMB 150,000,000	-	100.00%
68	CIMC Modular Building Design & Development Co. Ltd. ("Modular design")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Design modular building and decorations	RMB 50,000,000	-	73.05%
69	Qianhai CIMC Leasing (Shenzhen) Co., Ltd. ("Qianhai Rental")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Finance lease business Lease transaction advisory	RMB 1,000,000,000	-	100.00%
70	Yantai Tiezhongbao Steel Processing Co., Ltd. ("Yantai Tiezhongbao")	Business entity	Yantai Shandong	Yantai Shandong	R&D, manufacturing leg structure; sales of products	USD 9,150,200	-	65.00%
71	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%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
72	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 30,000,000	-	63.33%
73	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%	-
74	Shenzhen Three HuaZhuoYue Investment Co., LTD. ("Shenzhen Three HuaZhuo Yue")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB30,000,000	-	70.06%
75	Taicang CIMC Special Logistics Equipment Co. Ltd. ("Taicang Special Equipment")	Business entity	Taicang Jiangsu	Taicang Jiangsu	Production and manufacture of special container equipment	USD20,000,000	-	100.00%
76	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("Shenzhen CIMC Tongchuang Supply Chain")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB 200,000,000	-	60.00%
77	Tianjin Yongwang Machinery Equipment Leasing Co. Ltd. ("Tianjin Yongwang Machinery Equipment")	Business entity	Tianjin	Tianjin	Financial service	RMB 6,500,000,000	-	15.00%
78	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	-	63.33%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
79	CIMC Kaitong Logistics Development Co. Ltd. ("CIMC Kaitong Logistics Development")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB 150,000,000	-	51.00%
80	Jiangsu Kaitong Shipping Co. Ltd. ("Jiangsu Kaitong")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics service	RMB 20,000,000	-	51.00%
81	CIMC Offshore Holdings Co., Ltd. ("CIMC Offshore Holdings")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment holding	RMB 2,335,000,000	100.00%	-
82	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%
83	Jiangsu Trailer Leasing Co., Ltd. ("Jiangsu Trailer Leasing")	Business entity	Jiangsu	Jiangsu	Rental of equipment, and car, Maintenance of leasing equipment and facilities, information system integration services, transportation and unloading services	RMB 200,000,000	-	50.66%
84	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	-	33.15%
85	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 50,000,000	-	57.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(i) Domestic subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
86	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%
87	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	-	98.00%
88	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%
89	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%
90	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	-	71.12%
91	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%
92	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	-	71.12%



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (ii) Overseas subsidiaries

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
93	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD 50,000	-	100.00%
94	CIMC Tank Equipment Investment Holdings Co., Ltd. ("Tank Equipment Investment")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD 4,680,000	-	100.00%
95	CIMC-SMM Vehicle (Thailand) CO., LTD. ("Thailand V")	Business entity	Thailand	Thailand	Production and sales of various special vehicles	THB 260,000,000	-	51.93%
96	Adventure Explorer Limited ("Adventure")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD1	-	100.00%
97	CIMC Intermodal Equipment ("CIE")	Business entity	USA	USA	Equipment services	EUR 10,000,000	-	100.00%
98	Charm Wise Limited ("Charm Wise")	Business entity	Hongkong China	Hongkong China	Investment holding	USD 50,000	-	100.00%
99	CIMC Air Marrel SAS ("Air Marrel")	Business entity	France	France	Aviation equipment	EUR 1,200,000	-	50.75%
100	CIMC Logistics Service (Thailand) Co., LTD. ("Thailand Service")	Business entity	Thailand	Thailand	Logistic services	THB 60,000,000	-	60.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(ii) Overseas subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
101	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD 2,000,000	100.00%	-
102	Global Pacific Link Limited ("Global Pacific")	Business entity	Hongkong China	Hongkong China	Logistic services	HKD10,000	-	80.00%
103	CIMC Intermodal Development USA Co ("CIDC USA")	Business entity	USA	USA	Logistic services	USD5,000	-	80.00%
104	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD1	-	100.00%
105	Taisun Resources Development Pte Ltd. ("Taisun Resources")	Business entity	Singapore	Singapore	Investment holding	SGD1	-	85.00%
106	Verbus International Limited ("Verbus")	Business entity	UK	UK	Holding company	GBP1,108	-	100.00%
107	CIMC DEVELOPMENTS LTD. ("CIMC Developments")	Business entity	UK	UK	General contractor	GBP1	-	100.00%
108	VERBUS SYSTEMS LTD. ("Verbus Systems")	Business entity	UK	UK	Modular assembly	GBP1	-	100.00%
109	Allpro Investment Limited ("Allpro")	Business entity	Hongkong China	Hongkong China	Project company	HKD1	-	100.00%
110	CIMC Financial Leasing (HK) Co Ltd. ("Financial Leasing (HK)")	Business entity	Hongkong China	Hongkong China	Financial leasing	HKD500,000	-	100.00%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (1) Subsidiaries obtained through establishment or business combination (Continued)

## (ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
111	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD 2,234,85,000 & RMB 1,000,000,000	-	85.00%
112	Bluepicture Investment Limited ("Bluepicture")	Business entity	UK	UK	Investment holding	GBP100	-	100.00%
113	Sharp Finder Limited ("Sharp")	Business entity	Hongkong China	Hongkong China	Project company	USD1	-	98.00%
114	Hongkong CIMC TianDa Airport Support Ltd. ("TAS Hong Kong")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD 1,000,000	-	50.84%
115	CIMC Development (Australia) Pty Ltd. ("Development Australia")	Business entity	Australia	Australia	Project general contractor	AUD 8,000,000	-	100.00%
116	CIMC Westhill Limited ("CIMC Westhill")	Business entity	Hongkong China	Hongkong China	Project company	USD1	-	100.00%
117	Sharp Manner Limited ("Sharp Manner")	Business entity	Hongkong China	Hongkong China	Project company	USD1	-	100.00%
118	Sharp Noble Limited ("Sharp Noble")	Business entity	Hongkong China	Hongkong China	Project company	USD1	-	100.00%
119	Bayone Corporation ("Bayone")	Business entity	USA	USA	Project company	USD10	-	100.00%
120	CIMC Vehicles (Bahrain) Factory WLL	Business entity	Bahrain	Bahrain	Vehicle equipment services	KWD565,000	-	44.33%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(1) Subsidiaries obtained through establishment or business combination (Continued)***(ii) Overseas subsidiaries (Continued)*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
121	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD50,000	-	100.00%
122	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hongkong China	Hongkong China	Financial Services	USD2,000,000	100.00%	-
123	CIMC Modula Building Systems (Australia) Pty Ltd. ("MBS AU")	Business entity	Australia	Australia	Module supply	AUD500,000	-	100.00%
124	EVERISE CAPITAL PTY LTD. ("EVERISE")	Business entity	Australia	Australia	Investment holding	AUD10	-	100.00%
125	GLOBAL PLUS PTY LTD. ("GLOBAL")	Business entity	Australia	Australia	Investment holding	AUD1	-	100.00%
126	HARVEST AVENUE PTY LTD. ("HARVEST")	Business entity	Australia	Australia	Investment holding	AUD1	-	100.00%
127	CIMC-Commercial Tires Inc. ("Leopard Fleet")	Business entity	USA	USA	Sale service of tire	USD825,000	-	34.83%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)**

(2) The Group does not have subsidiaries obtained through combination under common control

(3) Subsidiaries acquired through combinations not under common control

*(i) Domestic subsidiaries*

	Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
							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	-	45.26%
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	-	45.76%
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	-	44.39%
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%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(3) Subsidiaries acquired through combinations not under 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. ("TJCMC")	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	-	55.10%
9	Dongguan Zhengyi Investment Co., Ltd. ("Dongguan Zhengyi")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Investment, development and operating of real estate	RMB 68,027,200	-	70.00%
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%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through combinations not under 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	USD 142,280,000	-	100.00%
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 repairment	USD 51,956,000	-	75.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(3) Subsidiaries acquired through combinations not under 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	RMB 133,970,000	-	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	USD 513,000	-	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 revelant components and parts	RMB 500,000,000	-	70.06%
22	Jijiang Technology Co., Ltd. ("Jijiang 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%



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through combinations not under 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 20,492,100	-	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 and trailer series	RMB 434,300,800	-	63.33%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(3) Subsidiaries acquired through combinations not under common control (Continued)***(ii) Overseas subsidiaries*

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
29	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hongkong China	Hongkong China	Investment holding	HKD 10,000,000	-	70.00%
30	Brigantine Services Limited ("Hongkong Brigantine Services")	Business entity	Hongkong China	Hongkong China	Container repair and renovation, container trade	HKD 5,000,000	-	70.00%
31	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Marine engineering design	EUR 13,543,000	-	60.00%
32	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK 1,000,000	-	100.00%
33	CIMC MBS LIMITED ("CIMC MBS")	Business entity	UK	UK	Module supply	GBP 3,884,303	-	100.00%
34	Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD 120,000,000	-	68.68%
35	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%
36	Pteris Global Ltd. ("Pteris")	Business entity	Singapore	Singapore	Investment holding	SGD 104,781,000	-	78.14%
37	CIMC VEHICLES UK LIMITED ("Vehicles UK")	Business entity	UK	UK	Transport equipment	GBP100	-	63.33%

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (3) Subsidiaries acquired through combinations not under common control (Continued)

## (ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
38	CIMC TGE GAS INVESTMENT SA ("TGE SA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR50,000	-	60.00%

## (4) Subsidiaries with significant minority interests

	Minority interests	Net Profit attribute to minority interests in 2018	Dividends distributed to minority interests in 2018	Grand total minority Interests on 31 December 2018
Enric	31.32%	243,316	2,778	2,065,563
CIMC Offshore	15.00%	(595,852)	-	321,905
CIMC Chancheng	38.50%	313,977	23,300	4,452,105
CIMC TianDa	49.00%	84,583	1,859	586,167

Core financial information of aforementioned significant but not wholly-owned subsidiaries are as follows:

	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

	As at 31 December 2017					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	10,305,316	3,861,903	14,167,219	7,668,853	637,388	8,306,241
CIMC Offshore	986,501	4,190,144	5,176,645	62,290	-	62,290
CIMC Chancheng	4,624,339	344,794	4,969,133	2,361,595	268,963	2,630,558

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(4) Subsidiaries with significant minority interests (Continued)**

	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

	2017			
	Revenue	Net profit	Total Comprehensive income	Cash flows from operating activities
Enric	10,671,276	420,181	528,138	845,097
CIMC Offshore	–	(2,312)	(2,312)	(1,020,381)
CIMC Chancheng	1,006,791	194,693	195,252	(1,283,567)

**(5) Significant partial disposal of subsidiary equity in current year (without loss of control)**

- (i) On July 25 2018, the Company entered into an equity transfer agreement with Dalian New Voyage Investment Management Enterprise (Limited Partnership). Pursuant to the agreement, 18.5% equity of Dalian CIMC was transferred at a cash consideration of RMB27,948,000. The difference between the price and the relative identifiable net assets of the subsidiary is RMB20,816,000, which offset the capital reserve. After the transaction, the Group still owns 81.50% of equity interests in Dalian CIMC.
- (ii) On June 15 2018, CIMC Chancheng, a subsidiary of the Group, entered an equity transfer agreement with Heshan Gonghe Country Garden Property Development Co., Ltd., to transfer its 20% of equity interests in Yanjiang Real Estate at a cash consideration of RMB62,700,000. The difference between the price and the relative identifiable net assets of the subsidiary is RMB6,131,000, which offset the capital reserve. After the transaction, CIMC Chancheng still owns 80% of equity interests in Yanjiang Real Estate.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(6) Significant transaction with non-controlling interests in current year**

- (i) On 18 March 2018 and 8 December 2018, Container Holding, a subsidiary of the Company, entered into share transfer agreements with Mitsui & Co., Ltd. and Nippon Steel & Sumitomo Corporation, the non-controlling interests of Xinhui CIMC, to acquire each of the 10% equity they held respectively. The consideration is RMB21,480,000 and RMB18,960,000, respectively. After the completion of the deal, the Group holds 90% of equity interests in Xinhui CIMC. The difference between the consideration and the identifiable net assets is RMB3,881,066, which was included in capital reserve.
- (ii) In July 2018, SOE, a subsidiary of the Group, entered into a share transfer agreement with GTH Consultancy Services Pte., Ltd., the non-controlling interest of CIMC Enric Energy Engineering (Singapore) Pte., Ltd., to acquire the 10% equity it held at a consideration of SGD1. After the transaction, SOE owns 80% of equity interests in CIMC Enric Energy Engineering (Singapore) Pte., Ltd. The difference between the consideration and the identifiable net assets is RMB5,460,000, which offset the capital reserve.
- (iii) On 31 October 2018, CIMC Xincai, a subsidiary of the Group, injected RMB3,500,000 into Qingdao Xincai together with the non-controlling interest of Qingdao Xincai, at the same portion with their shareholding ratio. After the transaction, the shareholding ratio of CIMC Xincai remains at 70%.
- (iv) On 31 August 2018, HI, a subsidiary of the Company, signed a capital increment agreement with the non-controlling interests of Jiangmen Vehicle, and accepted the capital injection of RMB35,801,000 from the third party shareholder. After the completion of the capital injection, the shareholding ratio was diluted to 76.59%. The difference between the consideration paid for the above transaction and the identifiable net assets that the non-controlling interests enjoyed was RMB14,357,000, which offset the capital reserve.
- (v) On 1 September 2018, the Company, Southern CIMC, and CIMC Technology Co., Ltd. ("CIMC Technology") entered into a capital increment agreement with the non-controlling interests of CIMC Technology, Shenzhen Qianhai Ruixin Investment Management Partnership (Limited Partnership) ("Qianhai Ruixin"), which allowed Qianhai Ruixin inject capital that amounting to RMB34,900,000 into CIMC Technology. After the capital injection, the Group's shareholding ratio was diluted from 84.95% to 75.8%. The difference between the consideration paid for the above transaction and the identifiable net assets that the non-controlling interests enjoyed was RMB22,230,000, which offset the capital reserve.
- (vi) On 30 June 2018, CIMC Chancheng, a subsidiary of the Group, entered into a capital increment agreement with Qingdao Country Garden Bolin Real Estate Co., Ltd. ("Qingdao Bolin"), which allowed Qingdao Bolin to inject capital of RMB6,667,000 into Qingdao CIMC Innovation Industrial Park Development Co. Ltd., in return for 30% of equity interest. The difference between the consideration and the identifiable net assets that the non-controlling interests enjoyed was RMB1,070,000, which offset the capital reserve. After the capital injection, CIMC Chancheng and Container Holding, a subsidiary of the Company, together own the rest 70% of equity interests.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****2. Equity in associates and joint ventures****(1) Basic information of major associates and joint ventures**

	Main Premises	Registration Place	Nature of business	Strategic for the group or not	Shareholding percentage – Direct	Shareholding percentage – Indirect
Joint ventures – NKY Zhenhua	Tianjin	Tianjin	Logistics support business	No	–	38.25%
Y&C Engine	Wuhu Anhui	Wuhu Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	–	35.03%
Associates – LiHua Energy	Bazhou, Hebei	Bazhou, Hebei	Gas warehousing and transportation business	No	–	15.58%
Shanghai Feng-yang	Shanghai	Shanghai	Real estate	Yes	–	40.00%
TSC	Houston(USA)	Cayman Islands	Land and sea drilling platform business	Yes	–	13.12%
Jiahua Shipping	Hong Kong	Hong Kong	Logistics support business	No	–	30.00%
Zhoushan Changhong	Zhoushan Zhejiang	Zhoushan Zhejiang	Maintenance of ship	No	–	14.75%
Shangrong Real Estate	Shenzhen Guangdong	Shenzhen Guangdong	Real estate	Yes	–	49.00%

The equity mentioned above is measured by equity method.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (2) Core financial information of major joint venture

	NKY Zhenhua		Y&C Engine	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cash at bank and on hand	52,790	40,106	112,008	199,925
Other current assets	15,155	15,253	636,561	359,758
Total current assets	67,945	55,359	748,569	559,683
Total non-current assets	91,892	101,035	712,874	707,161
Total assets	159,837	156,394	1,461,443	1,266,844
Current liabilities	26,752	24,216	910,971	809,039
Non-current liabilities	1,877	2,503	66,322	32,253
Total liabilities	28,629	26,719	977,293	841,292

	NKY Zhenhua		Y&C Engine	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Minority shareholders' equity	–	–	–	–
Total equity attributable to shareholders of the Company	131,208	129,675	484,150	425,552
Share holding ratio	51%	51%	50%	50%
Net assets proportion calculated by shareholding ratio (i)	66,916	66,134	242,075	212,776
Carrying amount of equity investment in the joint ventures	66,916	66,134	242,075	212,776

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****2. Equity in associates and joint ventures (Continued)****(2) Core financial information of major joint venture (Continued)**

	NKY Zhenhua		Y&C Engine	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Revenue	164,841	166,653	1,542,681	1,462,555
Financial costs	(38)	4	25,260	27,571
Income tax expenses	917	921	10,341	–
Net profits	1,287	284	58,599	33,998
Other comprehensive income	–	–	–	–
Total comprehensive income	1,287	284	58,599	33,998
Dividends received from the joint ventures this year	–	9,443	–	–

- (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.



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (3) Core financial information of major associates

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		Zhoushan Changhong		Shangrong Real Estate	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cash at bank and on hand	2,443	8,772	320,437	30,425	236,946	90,238	2,838	96,552	329,139	-	1,813,706	-
Other current assets	1,112,226	940,834	651,416	819,426	1,760,247	2,630,219	11,818	46,822	612,149	-	45,188	-
Total current assets	1,114,669	949,606	971,853	849,851	1,997,193	2,720,457	14,656	143,374	941,288	-	2,158,894	-
Total non-current assets	653,889	705,772	79,456	50,775	483,823	631,744	996,332	1,089,581	4,442,074	-	4,467	-
Total Assets	1,768,558	1,655,378	1,051,309	900,626	2,481,016	3,352,201	1,010,988	1,232,955	5,383,362	-	2,163,361	-
Current liabilities	813,607	679,996	539,686	623,129	2,016,431	1,957,621	190,867	152,448	467,515	-	597,630	-
Non-current liabilities	239,835	255,035	-	-	84,743	109,804	402,172	658,995	4,109,308	-	-	-
Total liabilities	1,053,442	935,031	539,686	623,129	2,101,174	2,067,425	593,039	811,443	4,576,823	-	597,630	-

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		Zhoushan Changhong		Shangrong Real Estate	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Minority shareholders' equity	-	-	-	-	1,414	1,893	-	-	-	-	-	-
Total equity attributable to shareholders of the Company	715,116	720,347	511,623	277,497	378,428	1,282,883	417,949	421,512	806,539	-	1,565,731	-
Adjustments according to fair value of net identifiable assets and goodwill	-	-	1,085	1,085	155,764	155,764	-	-	-	-	-	-
Total equity attributable to shareholders of the Company (adjusted)	715,116	720,347	512,708	278,582	534,192	1,438,647	417,949	421,512	806,539	-	1,565,731	-
Share holding ratio	15.58%	15.58%	40.00%	40.00%	13.12%	13.12%	30.00%	30.00%	14.75%	-	49%	-
Net assets portion calculated by share holding ratio (i)	111,415	112,230	205,083	111,433	70,086	188,751	125,385	126,454	118,965	-	767,208	-
Carrying amount of equity investment in the associates	111,415	112,230	205,083	111,433	202,236	193,066	119,246	126,454	134,212	-	1,548,667	-
Fair value of investments on associates with public offer	-	-	-	-	37,810	65,937	-	-	-	-	-	-

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****2. Equity in associates and joint ventures (Continued)****(3) Core financial information of major associates (Continued)**

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		Zhoushan Changhong		Shangrong Real Estate	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Revenue	274,705	1,283,017	781,500	18,474	392,510	308,547	67,924	67,924	778,377	-	-	-
Net profits/(losses)	(6,827)	47,542	234,123	18,106	(92,762)	(24,642)	96,543	96,543	(32,462)	-	(12,936)	-
Other comprehensive income	-	-	-	-	(6,786)	-	-	-	-	-	-	-
Total comprehensive income	(6,827)	47,542	234,123	18,106	(99,548)	(24,642)	96,543	96,543	(32,462)	-	(12,936)	-
Dividends received from the associates this year	-	-	-	-	-	-	-	-	-	-	-	-

- (i) The group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the associates. The amount in consolidated financial statements of associates takes the fair value of assets and liabilities of the associates, and the effects of the uniform accounting policies into consideration.

TSC is a company listed on the Hong Kong Stock Exchange and its announcement day is later than CIMC's. After the Group's assessment, they consider TSC's operating results are not significant to the Group. So the TSC's operating results disclosed above is projected from its semi-annual report. And the Group will make adjustments based on its announcement in next year.

The management failed to obtain the 31 December 2018 financial statements of Jiahua Shipping, which is an unlisted company. After management evaluation, it is considered that its business results do not have a significant impact on the operation of the Group.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****2. Equity in associates and joint ventures (Continued)****(4) Summary of information of insignificant associates and joint ventures**

	2018	2017
Joint ventures:		
Total carrying amount of investments on 31 December 2018	293,453	246,402
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net profits (i)	18,598	19,624
Other comprehensive income (i)	—	—
Total comprehensive income	18,598	19,624
Associates:		
Total carrying amount of investments on 31 December 2018	1,368,509	611,209
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net profits (i)	30,953	(29,235)
Other comprehensive income (i)	—	—
Total comprehensive income	30,953	(29,235)

(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 2018.

**VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION RANGE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

There is no equity of the structured body not included in the consolidation range of the consolidated financial statements.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

1. The company does not have 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 – Guangxi Southern Logistic	Nanning	Nanning	Logistics service	No	–	50.00%
Associates – Nantong New Atlantic	Nantong	Nantong	Environmental protection board service	No	–	20.00%
Qujing Zhongbirui	Qujing	Qujing	Real estate	No	–	30.14%
Xuzhou CIMC Wood	Xuzhou	Xuzhou	Wood	No	–	35.00%
Ningxia Changming	Ningxia	Ningxia	Gas liquefaction	No	–	29.00%
Runyu Real Estate	Zhenjiang	Zhenjiang	Real estate	No	–	12.30%
Qingchen Bamboo	Fujian	Fujian	Bamboo wood	No	–	30.00%
Ningguo Guangshen	Anhui	Anhui	Bamboo wood	No	–	30.00%
Xinyang Wood Industry	Hongkong	Hongkong	Wood	No	–	20.00%
Zhejiang Xinlong Bamboo	Zhejiang	Zhejiang	Bamboo wood	No	–	30.00%
Senjv Shanghai	Shanghai	Shanghai	Commercial company	No	–	30.00%
OOS-International B.V.	Netherlands	Netherlands	Finance	No	–	35.00%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****4. Information of other related parties**

Company name	
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Shaanxi Heavy Duty Automobile	Minority shareholder of subsidiary
Orient International	Subsidiary of significant shareholder
FML	Subsidiary of significant shareholder
Gasfin	Minority shareholder of subsidiary
FCC	Subsidiary of significant shareholder
Asahi Trading Co., Ltd.	Minority shareholder of subsidiary
Oriental International Container (Jinzhou) Limited	Subsidiary of significant shareholder
FCS	Subsidiary of significant shareholder
FCI	Subsidiary of significant shareholder
Eastern International Container (Guangzhou) Limited	Subsidiary of significant shareholder
China Ocean Shipping Agency Shanghai Co., Ltd.	Minority shareholder of subsidiary

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions**

The following transactions with related parties were conducted under normal commercial terms or relevant agreements

**(1) Purchase of goods and receiving of services****The Group**

Name	Nature of the transaction	2018 Amount	2017 Amount
Shaanxi Heavy Duty Automobile	Purchase of goods	213,620	236,412
Qingchen Bamboo	Purchase of goods	182,188	136,819
Ningguo Guangshen	Purchase of goods	177,564	149,041
Zhejiang Xinlong Bamboo	Purchase of goods	174,194	105,467
Xuzhou CIMC Wood	Purchase of goods	148,732	126,447
Senjv Jiangmen	Purchase of goods	110,760	–
Shanghai Shenyi	Purchase of goods	1,742	4,325
Y&C Engine	Purchase of goods	942	557,315
NKY Zhenhua	Purchase of goods	911	–
Sf Trailernet	Purchase of goods	722	32
Senjv Shanghai	Purchase of goods	–	66,700
SUMITOMO CORPORATION	Purchase of goods	–	14,797
TSC	Purchase of goods	–	7,113
Asahi Trading Co., Ltd.	Purchase of goods	–	6,313
Other related parties	Purchase of goods	1,802	16,099
Sub-total	Purchase of goods	1,013,177	1,426,880
Other related parties	Receiving of services	4,452	26,151

**The Company**

Emoluments of the directors, supervisor and senior management of the Company refer to VIII.5(4).

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (2) Sales of goods and rendering of services

## The Group

Name	Nature of the transaction	2018 Amount	2017 Amount
FCI	Purchase of goods	1,249,251	372,760
Shaanxi Heavy Duty Automobile	Purchase of goods	1,233,562	733,497
SUMITOMO CORPORATION	Purchase of goods	95,647	108,475
Orient International	Purchase of goods	61,993	74,953
Orient International (Guangzhou)	Purchase of goods	42,929	46,354
Orient International (Jinzhou)	Purchase of goods	31,358	22,890
NKY Zhenhua	Purchase of goods	3,205	602
Xiamen CIMC Haitou	Purchase of goods	2,503	–
China Ocean Shipping Agency Shanghai Co., Ltd.	Purchase of goods	1,164	–
Ningbo Mediterranean Sea	Purchase of goods	1,099	–
OOS International B.V.	Purchase of goods	–	385,375
FCS	Purchase of goods	–	171,003
Zhejiang Xinlong Bamboo	Purchase of goods	–	78,943
Florens Maritime Limited	Purchase of goods	–	56,913
Ningxia Changming	Purchase of goods	–	44,589
FCC	Purchase of goods	–	40,179
Other related parties	Purchase of goods	2,733	45,455
Sub-total		2,725,444	2,181,988
Other related parties	Rendering of services	77,233	31,365

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(3) Financing**

## The Group

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised in 2018	Note
<b>Financing received</b>					
Country Garden	2,174,295	24 August 2018	Repayment date not fixed	31,152	Loans for Proportionate shareholder operation
Gasfin	23,869	19 September 2008	Repayment date not fixed	698	Loans for Proportionate shareholder operation
	2,198,164				
<b>Financing provided</b>					
Country Garden and its subsidiaries	2,028,506	30 September 2016 10 August 2018	Repayment date not fixed Repayment date not fixed	–	Loans for shareholder operation Loans for Proportionate shareholder operation
Runyu Real Estate	256,952	12 October 2018 31 December 2012	Repayment date not fixed Repayment date not fixed	– 26,695	Loans for shareholder operation Loans for Proportionate shareholder operation
Shanghai Fengyang	34,204	25 December 2007	Repayment date not fixed	–	Loans for Proportionate shareholder operation
Nantong New Atlantic	11,028	19 November 2018	11 June 2019	1,028	Loans for shareholder operation
Xinyang Wood Industry	4,271	20 June 2006	Repayment date not fixed	–	Loans for Proportionate shareholder operation
	2,334,961				



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(4) Other related party transactions**

- (i) The Company adopted a new share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 31 December 2018 are as follows:

Name	Position	Number of granted share options (in'0000)
Mai Boliang	President, Chairman	285
Gao Xiang	Vice Chairman	37.5
Wu Fapei	Vice Chairman	75
Li Yinhui	Vice Chairman	75
Yu Yuqun	Vice Chairman, Secretary of the Board and Company Secretary	75
Zeng Han	General Manager of Finance Department	28.9
Total		576.4

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 2018 are as follows:

Name	Position	Number of granted share options (in'0000)
Gao Xiang	Vice Chairman	190
Zeng Han	General Manager of Finance Department	25
Yu Yuqun	Vice Chairman, Secretary of the Board and Company Secretary	129.8
Total		344.8

Note: On 37 March 2018, Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing resigned from the management board of the Company. On 9 August 2018, the former Vice Chairman, Mr. Li Guiping resigned. As at 31 December 2018, Mr. Liu Xuebin had 997,000 outstanding options of the Company A-shares, Mr. Yu Ya had 650,000 outstanding options of the Company A-shares, Mr. Zhang Baoqing had 750,000 outstanding options of the Company A-shares. Mr. Yu Ya also had 250,000 outstanding options of Enric.

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(4) Other related party transactions (Continued)***(ii) Emoluments of the directors, supervisor and senior management of the Company*

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	
<b>Directors</b>						
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
<b>Sub-total</b>	<b>720</b>	<b>2,904</b>	<b>76</b>	<b>4,796</b>	<b>448</b>	<b>8,944</b>

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
Xiong Bo	-	355	49	54	17	475
Zhang Mingwen Note(i)	-	-	-	-	-	-
Lin Feng Note(ii)	-	-	-	-	-	-
Wang Hongyuan	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>355</b>	<b>49</b>	<b>54</b>	<b>17</b>	<b>475</b>

Note(i): 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(ii): 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.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *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	
<b>Other Senior Executives</b>						
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(iii)	1,787	82	960	22	2,851
Zeng Han	–	1,004	93	420	31	1,548
Li Guiping	Note(iii), (iv)	558	19	6,018	10	6,605
Liu Xuebin	–	345	29	–	9	383
Zhang Baoqing	–	332	–	–	–	332
Yu Ya	–	375	–	–	–	375
Yang Rong	–	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(iii): 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(iv): 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(4) Other related party transactions (Continued)***(ii) 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 2017 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Directors</b>						
Wang Hong	-	-	-	-	-	-
Wang Yuhang	-	-	-	-	-	-
Mai Boliang	-	2,856	71	1,296	452	4,675
Wang Zhixian	-	-	-	-	-	-
Hu Xianfu	Note(i)	-	-	-	-	-
Liu Chong	-	-	-	-	-	-
Pan Chengwei	200	-	-	-	-	200
Wang Guixun	200	-	-	-	-	200
Pan Zhengqi	200	-	-	-	-	200
Sub-total	600	2,856	71	1,296	452	5,275

Note(i): On 26 September 2017, with the approval of the Company's 1st Extraordinary General Meeting in 2017, Mr. Hu Xianfu was appointed as the Non-executive Director of the 8th Board of Directors of the Company.

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
Xiong Bo	-	245	42	48	13	348
Zhang Mingwen	-	-	-	-	-	-
Lv Shengzhou	Note(ii)	-	-	-	-	-
Wang Hongwen	Note(ii)	-	-	-	-	-
Sub-total	-	245	42	48	13	348

Note(ii): On 26 September 2017, approved by the Company's 1st Extraordinary Shareholders' General Meeting in 2017, Mr. Lv Shengzhou resigned due to the expiration of his term of the office of the Supervisor, and Mr. Wang Hongwen was recommended by the Supervisory Committee to be the supervisor of the representative shareholders of the 8th Supervisory Committee.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *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 2017 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Other Senior Executives</b>						
Wu Fapei	–	1,322	113	700	34	2,169
Li Yinhui	–	828	110	500	34	1,472
Liu Xuebin	–	1,376	113	660	34	2,183
Zhang Baoqing	–	1,322	–	900	–	2,222
Yu Ya	–	1,006	–	828	–	1,834
Gao Xiang	–	1,497	105	827	26	2,455
Jin Jianlong	Note(iii)	330	–	–	–	330
Zeng Han	Note(iii) & (iv)	628	67	312	26	1,033
Yang Rong	Note(iv)	1,136	106	570	34	1,846
Yu Yuqun	–	1,392	71	634	34	2,131
Sub-total	–	10,837	685	5,931	222	17,675
Total	600	13,938	798	7,275	687	23,298

Note (iii): After deliberation at the first meeting of the eighth session of the Board of Directors of the Company in 2017, Mr. Jin Jianlong resigned due to the expiration of his term of office and also appointed Mr. Zeng Zhao as general manager of the Company's financial management department.

Note (iv): As approved at the first meeting of the eighth session of the Board of Directors in 2018, Ms. Yang Rong resigned for personal reasons. At the same time, she merged the financial management department and the funds management department of the Company into a new financial management department, and appointed Mr. Zeng Han as the general manager of the financial management department.

The five individuals who received the highest are included aforesaid in 2017.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(4) Other related party transactions (Continued)***(ii) 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 2018, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2017: Nil).

*(iv) Consideration paid to third parties for service of directors*

In 2018, there was no consideration paid to third parties for service of directors (2017: Nil).

*(v) Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons*

As at 31 December 2018, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2017: Nil).

*(vi) Significant interest of directors in transactions, arrangement and contracts*

In 2018, 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 (2017: 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(4); the emolument of another staff is listed as follow:

	2018
Remuneration, bonus, housing and other funds	2,867
Pension	66
	2,933

	Number of people 2018
Emoluments range:	
RMB0 – 1,000,000	–
RMB1,000,000 – 1,500,000	–
RMB1,500,000 – 2,000,000	–
RMB2,000,000 – 2,500,000	–
RMB2,500,000 – 3,000,000	1

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****6. Receivables due from and payables due to related parties**

Refer to Note IV.4 for details of accounts receivables.

Refer to Note IV.5 for details of other receivables.

Refer to Note IV.6 for details of advances to suppliers.

Refer to Note IV.10 for details of current portion of non-current assets.

Refer to Note IV.15 for details of long-term receivables.

Refer to Note IV.24 for details of other non-current assets.

Refer to Note IV.29 for details of accounts payables.

Refer to Note IV.30 for details of advance from customers.

Refer to Note IV.34 for details of other payables.

**7. Commitments in relation to related parties**

As at 31 December 2018, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IX. SHARE-BASED PAYMENTS****1. Information about share-based payments**

Total equity instruments granted during the year	The total number of share options granted by the Company and Enric was 0 this year.
Total equity instruments exercised during the year	The number of exercised share options granted by the Company and Enric were 2,100,000 and 8,134,000 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 1,690,000 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"> <li>Equity-settled share options granted by Enric in 2009, 2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 0.86, 2.83 and 5.43 years respectively;</li> <li>Equity-settled share options granted by the Company in 2010 and 2011: RMB10.22 (after adjustment) and RMB15.75(after adjustment) per share respectively the residual life of contracts is both 1.74 years.</li> </ol>
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil

Expenses recognised for the year arising from share-based payments are as follows:

	2018	2017
Equity-settled share-based payment	29,960	16,324



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IX. SHARE-BASED PAYMENTS (CONTINUED)****2. Information on equity-settled share-based payment****(1) Information on equity-settled share-based payment of Enric**

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after two years from the date of grant, 70% exercisable after three years from the date of grant and 100% exercisable after four years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,420,000, with the exercise price of HKD11.24 per share.

Movement of share options of Enric:

	2018 '000	2017 '000
Beginning balance	76,374	83,572
Exercised in current period	(8,134)	(5,814)
Cancelled in current period	(345)	(417)
Forfeited in current period	(1,345)	(967)
Ending balance	66,550	76,374

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**IX. SHARE-BASED PAYMENTS (CONTINUED)****2. Information on equity-settled share-based payment (Continued)****(2) Information on equity-settled share-based payment of the Company**

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 the end of 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 RMB10.22 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 RMB15.75 based on the annual dividend payment plan implemented after the grant period.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IX. SHARE-BASED PAYMENTS (CONTINUED)****2. Information on equity-settled share-based payment (Continued)****(2) Information on equity-settled share-based payment of the Company (Continued)**

Movement of share options of the Company:

	2018 '000	2017 '000
Beginning balance	20,917	25,229
Exercised in current period	(2,100)	(4,312)
Ending balance	18,817	20,917

**(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 2018, accumulated amount recognised in capital reserve for equity-settled share-based payments	405,370
Total expenses recognised for equity-settled share-based payments for current year	
Including:	
– attributed to the Company	–
– attributed to Enric	29,960
	29,960

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**IX. SHARE-BASED PAYMENTS (CONTINUED)****3. 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 are 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.

Granted during the year	46,212,500
Recovered during the year	(300,000)
Outstanding as at 31 December 2018	45,912,500

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).

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 2018, the amount guaranteed by Raffles was about RMB163,146,000 (31 December 2017: RMB258,646,000).

HI, a subsidiary of the Group, signed contracts with China Merchants Bank, China Guangfa Bank and Industrial Bank, which was granted to the distributors and customers of HI and its subsidiaries arising from purchase of vehicle products. As at 31 December 2018, the aggregate amount of credit facilities in respect of which HI and its subsidiaries provided guarantees to the distributors and customers was RMB863,736,000 (31 December 2017: RMB808,421,000).

The Group's subsidiaries, Shenyang CIMC Industrial Park Investment Development Co., Ltd. and Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., 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 December 31 2018, the customer financing loans provided by the Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park approximately RMB18,176,000 (31 December 2017: RMB11,850,000).

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 RMB1,073,457,000 as at 31 December 2018 (31 December 2017: RMB627,323,000).

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 2018, the aggregate amount of credit facilities in respect of which C&C Trucks and its subsidiaries provided guarantees to the distributors and customers was RMB572,427,000 (31 December 2017: RMB339,442,000).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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 recognise notes payables or letter of credit issued as deposits. Corresponding inventories, advances to suppliers and notes payables are recognised at the earlier of the date of delivery of goods and the maturity date of the notes issued. As at 31 December 2018, the Group had no notes issued but not accounted and issued outstanding letters of credit RMB423,994,000 (31 December 2017: RMB278,433,000).

As at 31 December 2018, the Company had outstanding balance of guarantees for its subsidiaries RMB84,045,000, USD164,898,000 (equivalent to RMB1,131,728,000) and EUR34,346,000 (equivalent to RMB269,523,000) respectively, totaling RMB1,485,296,000 (31 December 2017: RMB976,022,000).

As at 31 December 2018, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB107,531,000, of which the balance of the performance guarantee was RMB64,657,000, and the balance of the quality guarantee was RMB3,114,000. The balance of customs guarantees was RMB6,000,000, the balance of advance payment guarantees was RMB33,700,000, and the balance of general customs guarantees was RMB60,000 (31 December 2017: RMB90,121,000).

As at 31 December 2018, the balance of outstanding guarantees of the Group's subsidiary TianDa Airport was issued by the bank was RMB140,992,000, of which the balance of performance guarantee was RMB40,867,000, the balance of quality guarantees was RMB11,772,000, and the balance of bid bonds was RMB147,000. The balance of advance payment guarantee was RMB68,856,000, the balance of non-financing guarantees was RMB18,222,000, and the balance of advance payment refund guarantee was RMB1,128,000 (31 December 2017: RMB857,578,000).

As at 31 December 2018, CMIC Raffles had outstanding balance of guarantees issued by relevant banks was USD57,242,000 (equivalent to RMB392,863,000), of which the balance of the payment guarantee was USD31,956,000 (equivalent to RMB219,320,000), and the balance of the performance guarantee was USD25,286,000 (equivalent to RMB173,543,000), (31 December 2017: RMB20,321,000).

As at 31 December 2018, CIMC Finance Company, the subsidiary of the Group, had outstanding balance of guarantees for the subsidiary of the Group, of which the balance was RMB5,587,000, the balance of performance guarantees was RMB1,685,000, the balance of quality guarantees was in the amount of RMB1,602,000, and the balance of the payment guarantee was RMB2,300,000 (31 December 2017: RMB7,559,000).

**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 (Note IV.5(1)(i)) 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 of 31 December 2018 after taking into account of the progress of the current litigation and the opinion of independent legal counsels.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XI. COMMITMENTS****1. Significant commitments****(1) Capital commitments**

	2018	2017
Significant fixed assets purchase contracts entered into under performance or preparation of performance	179,560	98,366
Investment contracts entered into but not performed or performed partially	1,761,507	10
Significant contracts entered into for Ships to be manufactured for sales or lease	69,516	44,342
<b>Total</b>	<b>2,010,583</b>	<b>142,718</b>

**(2) Operating lease commitments**

The future minimum lease payments due under the signed irrevocable operating leases contracts at the year end are summarised as follows:

	2018	2017
Within 1 year (inclusive)	195,855	54,387
Over 1 year but within 2 years (inclusive)	83,869	24,211
Over 2 years but within 3 years (inclusive)	42,572	10,288
Over 3 years	144,849	49,855
<b>Total</b>	<b>467,145</b>	<b>138,741</b>

Operating lease recognised as profit or loss in 2018 amounted to RMB292,670,000 (2017: RMB78,490,000).

**XII. EVENTS AFTER THE BALANCE SHEET DATE****1. Dividend distribution after the balance sheet date**

Dividend proposed (Note (1))	1,641,744
------------------------------	-----------

**(1) Dividend for ordinary shares proposed after the balance sheet date**

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. The amount of shares calculated as at 31 December 2018 was RMB1,641,744,000 (2017: RMB0.27 per share, a total of RMB805,380,000). This proposal is yet to be approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognised as liabilities at the balance sheet date.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XII. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)****2. Revision of accounting policy**

The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 – Leases in 2018. The amendment improved the definition of lease, added the content of the lease identification, the separation and consolidation of the lease contract, etc.; cancelled the classification of lessee's operating lease and finance lease, and required all leases to recognise the assets and lease liabilities (except short-term leases and low-value assets leases). In addition, the standard improved the subsequent measurement of the lessee by building up the accounting treatment under the option revaluation and lease changes. The above amendments have taken effect on 1 January 2019.

As assessed by the management, the impact of above leasing standard on the leases of the Group as lessee from 1 January 2019 is as follows: The Group adopts the cumulative over-extension method, that is, does not adjust comparative information of previous year, but only adjusts the opening balance of 2019. The lease liabilities is measured based on the present value of the remaining lease payments at the lessee's incremental borrowing rate on 1 January 2019, and the right-of-use asset is recognised at the same amount as the equivalent lease liability, without affecting the Group's net assets.

**3. Subsidiary spin-off listing**

On 9 August 2018, the 12th meeting of the 8th Board of Directors of the Company reviewed and approved the "Proposal on the Overseas Listing Plan of CIMC Vehicles (Group) Co., Ltd.". The Company intends to spin off its subsidiary company, CIMC Vehicles Group to list on the Main Board of the Hong Kong Stock Exchange. On 26 September 2018, the matter was reviewed and approved by the 2nd Extraordinary General Meeting of the Company in 2018, the first A share class meeting in 2018 and the first H share class meeting in 2018.

On 14 March 2019, the Vehicle Group received the "Approval of the CIMC Vehicles (Group) Co., Ltd. for Issuing Overseas Listed Foreign Shares" issued by China Securities Regulatory Commission (hereinafter referred to as "CSRC") (Securities Supervision License [2019] No. 356), in which vehicle group is approved to newly issued no more than 383,801,955 overseas listed foreign shares, with a par value of RMB1 per share, all of which are common shares. After the completion of this issue, the Vehicle Group can go public on the Main Board of the Hong Kong Stock Exchange. After the approval of HI, the shareholders of HI, CIMC Hong Kong held no more than 284,985,000 stock shares, and Sumitomo Corporation held no more than 13,935,000 stock shares (no more than 298,920,000 stock shares totally). All the shares above will convert to overseas listed foreign shares. Subject to the relevant laws, regulations and rules at home and abroad, the above shareholders may circulate the shares held on the Main Board of the Hong Kong Stock Exchange.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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, Road transportation vehicles, Energy and chemical & food equipment, Offshore business, Airport facilities, Logistics services, Finance, Property development and Heavy trucks. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

**1. Segment profits, losses, assets and liabilities**

In order to assess the segment performance and resources allocation, the Group's management review segment revenue, expenses, assets and liabilities of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts 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 amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profits/(losses), assets and liabilities is set out as follows:

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XIII. SEGMENT REPORTING (CONTINUED)

## 1. Segment profits, losses, assets and liabilities (Continued)

Item	Containers 2018	Road transportation vehicles 2018	Energy and chemistry & food equipment 2018	Offshore business 2018	Airport facilities 2018	Logistic services 2018	Finance 2018	Property development 2018	Heavy trucks 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	8,585,513	2,085,170	2,888,302	2,351,978	1,911,442	-	93,497,622
Inter segment transaction	371,827	256,772	96,895	801,838	935	42,749	7,214	4,903	135,688	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	7,882,680	1,232,258	1,519,215	2,304,291	3,909,622	(4,703,720)	78,710,264
Investment income/(loss) in joint ventures and associates	(145)	2,295	(94)	-	1,621	31,670	579	93,696	29,529	7,264	-	166,415
Impairment loss for the year	35,387	84,173	77,996	2,160,506	780	1,204	18,438	-	40,866	6,274	-	2,425,624
Depreciation and amortisation expenses	401,307	288,829	379,134	414,830	92,651	131,786	261,057	13,216	142,334	131,390	-	2,256,534
Interest income	279,540	86,084	27,969	529,116	8,350	8,957	318,631	227,915	28,206	2,140,214	(3,064,690)	590,292
Interest expenses	193,558	163,714	77,406	994,383	40,235	18,315	154,340	265,254	100,882	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	242,236	626,769	790,082	(133,981)	3,641,124	(521,781)	6,683,558
Income tax expenses	644,744	341,538	254,212	66,766	32,855	84,453	69,449	226,176	(14,421)	929,580	(20,249)	2,615,103
Net profit/(loss)	1,890,651	1,273,104	791,730	(3,449,235)	192,744	157,783	557,320	563,906	(119,560)	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	4,672,804	45,672,865	20,529,296	4,092,417	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	2,640,715	36,710,325	13,974,787	3,508,437	50,242,861	(70,794,275)	106,480,975
Supplementary information:												
- Segment expenditures/ (income) other than depreciation and amortisation	(133,186)	(11,527)	42,020	2,294,341	10,113	829	159,134	(14,311)	78,745	(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	525,182	380,129	1,782,570	246,765	392,649	-	3,569,900
- Segment expenditures raising from additions of non-current assets	955,605	983,524	513,520	447,276	371,941	291,664	4,220,840	139,021	53,237	133,456	(3,182,818)	4,927,266

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XIII. SEGMENT REPORTING (CONTINUED)

## 1. Segment profits, losses, assets and liabilities (Continued)

Item	Containers	Road transportation vehicles	Energy and chemistry & food equipment	Offshore business	Airport facilities	Logistic services	Finance	Property development	Heavy trucks	Others	Elimination between segments	Total
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
External transaction	24,936,966	19,312,933	11,649,409	1,241,605	3,592,934	8,128,290	2,339,934	986,797	2,516,229	1,594,833	-	76,299,930
Inter segment transaction	109,731	207,731	196,791	1,243,812	3,577	67,162	707	19,995	49,516	1,524,504	(3,423,526)	-
Cost of sales from main operations	20,772,143	15,729,623	9,496,115	2,451,403	2,793,427	7,387,048	896,360	584,561	2,413,675	2,908,088	(3,840,046)	61,592,397
Investment income/(loss) in joint ventures and associates	(35)	(2,288)	(245)	-	(20,311)	9,829	15,137	7,206	16,999	4,383	-	30,675
Impairment loss for the year	72,745	67,903	203,540	5,791	6,184	101,661	137,986	227	51,284	14,987	9,033	671,341
Depreciation and amortisation expenses	411,797	281,480	365,621	380,121	118,893	133,386	185,698	12,428	138,231	315,691	-	2,343,346
Interest income	151,663	73,596	30,516	73,997	3,434	15,436	237,002	33,026	3,198	1,397,614	(1,792,221)	227,261
Interest expenses	79,327	112,037	73,076	563,434	15,456	29,516	167,504	14,808	77,934	1,432,152	(1,416,618)	1,148,626
Segment operating profit/(loss)	1,887,439	1,267,192	635,258	(1,025,964)	180,226	120,973	1,211,520	241,520	(156,043)	(439,765)	486,885	4,409,241
Income tax expenses	424,337	249,006	161,757	13,391	33,842	34,549	219,327	49,157	(29,017)	143,996	(49,519)	1,250,826
Net profit/(loss)	1,463,102	1,018,186	473,501	(1,039,355)	146,384	86,424	992,193	192,363	(127,026)	(583,761)	536,404	3,158,415
Segment total assets	21,099,309	16,093,412	14,718,417	32,556,965	4,260,043	4,723,994	37,149,558	4,612,197	4,129,455	34,494,325	(43,233,296)	130,604,379
Segment total liabilities	11,927,403	9,025,093	9,846,112	30,716,009	2,608,742	2,600,331	29,418,426	1,989,036	3,822,070	39,504,856	(54,091,133)	87,366,945
Supplementary information: - Segment expenditures/ (income) other than depreciation and amortisation	390,181	136,365	222,803	(114,709)	19,639	113,445	137,159	(3,436)	51,951	(7,661)	(7,422)	938,315
- Long-term equity investment of joint ventures and associates	31,908	127,182	10,103	31,372	552,725	498,185	486,732	140,207	213,154	306,927	-	2,398,495
- Segment expenditures raising from additions of non-current assets	1,333,945	453,685	1,165,021	160,955	101,328	264,240	539,648	146,959	110,396	366,641	630,820	5,273,638

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XIII. SEGMENT REPORTING (CONTINUED)****2. Geographic information**

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information (according to the receiving party division)

	Revenue from external customers		Total non-current assets	
	2018	2017	31 December 2018	31 December 2017
PRC	44,558,488	32,769,171	57,483,032	53,560,445
Asia (exclusive of PRC)	6,533,782	5,412,665	699,335	696,672
America	23,406,096	18,482,055	384,761	359,408
Europe	17,439,309	18,029,736	1,697,877	1,863,541
Others	1,559,947	1,606,303	53,546	65,098
<b>Total</b>	<b>93,497,622</b>	<b>76,299,930</b>	<b>60,318,551</b>	<b>56,545,164</b>

**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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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.

## Chapter XIV

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

#### XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

##### 1. Credit risk (Continued)

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 29.44% (2017: 31.54%) of the total accounts receivables and other receivables were due from the five largest customers of the Group.

Investments are normally made only to liquid securities quoted on a recognised 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 2018, 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.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## 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 2018 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	
<b>Financial assets</b>						
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
Notes and accounts receivables	19,319,466	–	–	–	19,319,466	19,319,466
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	47,109,457	3,612,416	18,532,373	79,785	69,334,031	59,161,829
<b>Financial liabilities</b>						
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 and accounts payables	15,100,613	–	–	–	15,100,613	15,100,613
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)

As at 31 December 2018, 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****2. Liquidity risk (Continued)**

	31 December 2017					Carrying amount at balance
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
<b>Financial assets</b>						
Cash at bank and on hand	5,596,314	–	–	–	5,596,314	5,596,314
Financial assets at fair value through profit or loss	194,880	206,604	111,930	–	513,414	513,414
Accounts receivables and other receivables	27,187,046	–	–	–	27,187,046	27,187,046
Current portion of non-current assets	6,294,086	–	–	–	6,294,086	4,314,250
Available-for-sale financial assets	–	–	36,301	411,980	448,281	441,581
Interest receivable	19,092	–	–	–	19,092	19,092
Dividends receivable	4,408	–	–	–	4,408	4,408
Long-term receivables	–	3,589,848	5,449,700	11,540,062	20,579,610	12,880,540
<b>Sub-total</b>	<b>39,295,826</b>	<b>3,796,452</b>	<b>5,597,931</b>	<b>11,952,042</b>	<b>60,642,251</b>	<b>50,956,645</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value through profit or loss	40,832	–	–	–	40,832	40,832
Short-term borrowings	15,317,347	–	–	–	15,317,347	15,317,347
Notes payables	1,785,456	–	–	–	1,785,456	1,785,456
Debentures payable	264,000	6,210,029	2,233,400	–	8,707,429	7,986,500
Accounts payables and other payables	19,070,852	–	–	–	19,070,852	19,070,852
Interest payable	377,793	–	–	–	377,793	377,793
Dividends payable	254,434	–	–	–	254,434	254,434
Current portion of non-current liabilities	4,085,579	–	–	–	4,085,579	4,085,579
Other current liabilities	588,235	–	–	–	588,235	595,907
Long-term borrowings	1,015,960	4,860,647	20,562,836	831,199	27,270,642	24,140,168
Long-term payables	–	182,388	175,466	–	357,854	347,269
Other non-current liabilities	278,214	278,214	278,214	1,349,863	2,184,505	1,737,505
<b>Sub-total</b>	<b>43,078,702</b>	<b>11,531,278</b>	<b>23,249,916</b>	<b>2,181,062</b>	<b>80,040,958</b>	<b>75,739,642</b>
<b>Net total</b>	<b>(3,782,876)</b>	<b>(7,734,826)</b>	<b>(17,651,985)</b>	<b>9,770,980</b>	<b>(19,398,707)</b>	<b>(24,782,997)</b>

As at 31 December 2017, 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.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****2. Liquidity risk (Continued)**

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 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

31 December 2017				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
1,276,703	495,032	273,947	–	2,045,682

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2018		31 December 2017	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	25,491,970	–	19,299,973	–
1 to 2 years	7,878,943	–	4,860,647	–
2 to 5 years	17,249,718	–	18,473,368	–
over 5 years	641,112	–	806,153	–
	51,261,743	–	43,440,141	–

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****3. Interest rate risk**

Fixed and floating interest-bearing financial instruments exposed the Group to interest rate risk of fair value and cash flow, respectively. The interest rate policy is to ensure the exposure of interest rate risk of borrowing is within a reasonable scope. The Group had entered into interest rate swap contracts, which were made based on the currencies of the borrowings. Hence the Group set up appropriate fixed and floating interest rate risk portfolio, to meet the policy.

	31 December 2018		31 December 2017	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Fixed rates interest-bearing financial instruments</b>				
– Long-term receivables	2.58%-17.53%	13,874,369	2.58%-17.53%	12,880,540
– Current portion of Long-term receivables	2.58%-17.53%	4,387,886	2.58%-17.53%	4,314,250
<b>Financial liabilities</b>				
– Short-term borrowings	1.40%-6.24%	8,844,386	1.30%-6.09%	3,917,219
– Current portion of debentures payable	3.07%-3.89%	7,986,500	–	–
– Debentures payable	3.07%-4.29%	2,019,275	3.07%-3.89%	7,986,500
– Current portion of long-term borrowings	2.70%-5.25%	1,211,800	2.53%-5.46%	1,281,655
– Long-term borrowings	1.20%-7.13%	5,095,406	1.20%-7.03%	3,529,147
– Other current liabilities	0.01%-1.00%	1,024,221	0.01%-1.00%	588,235
– Other non-current liabilities	4.99%-12.00%	1,737,458	4.99%-12.00%	1,737,505
<b>Total</b>		<b>(9,656,791)</b>		<b>(1,845,471)</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 3. Interest rate risk (Continued)

(1) As at 31 December 2018, the Group held the following interest-bearing financial instruments:

	31 December 2018		31 December 2017	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
Financial assets				
– Cash at bank and on hand	0.30%-2.75%	9,729,152	0.30%-2.75%	5,596,314
Financial liabilities				
– Current portion of long-term borrowings	1.15%+1M libor-6M libor+195bps	4,381,949	1.775%+1M libor-6M libor+195bps	2,700,971
– Long-term borrowings	1.775%+1M libor-6M libor+195bps	20,674,367	1.15%+1M libor-3M libor+240bps	20,611,021
– Short-term borrowing	1M libor-6M libor+145bps	11,053,835	6M libor+2.8%-1M libor+150bps	11,400,128
– Long-term payables	8.02%-12.86%	236,591	8.02%-12.86%	347,269
– Current portion of long-term payables	8.02%-12.86%	76,927	8.02%-12.86%	100,609
Total		(26,694,517)		(29,563,684)

## (2) Sensitivity analysis

As at 31 December 2018, it is estimated that a general increase/decrease of 25 basis points (31 December 2017: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB50,052,000 and equity by RMB50,052,000 (2017: RMB55,432,000 and RMB55,432,000 respectively).

The sensitivity analysis above indicates the instantaneous changes in the net profit and equity that would arise assuming that the changes in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note IV.2 and IV.28, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	31 December 2018				31 December 2017			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	994,782	153,252	87,457	25,756	198,895	1,344,719	89,248	17,377
Receivables	9,539,480	284,324	38,435	103,019	8,252,516	283,282	34,303	69,040
Short-term borrowings	(8,005,935)	(277,504)	(64,839)	-	(4,751,668)	(220,620)	-	-
Long-term borrowings	(4,654,401)	-	-	-	(7,743,325)	-	-	-
Payables	(6,431,794)	(148,434)	(51,812)	(172)	(1,132,382)	(109,240)	(49,487)	(13,391)
Current portion of non-current liabilities	(4,371,183)	-	-	-	(2,027,147)	-	-	-
Gross balance sheet exposure	(12,929,051)	11,638	9,241	128,603	(7,203,111)	1,298,141	74,064	73,026

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****4. Foreign exchange risk (Continued)**

- (1) Besides the exposure to currency risk arising from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note IV.2 and IV.28, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded. (Continued)

As at 31 December 2018 and 31 December 2017, 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 2018				31 December 2017			
	RMB	EUR	HKD	JPY	RMB	EUR	HKD	JPY
Cash at bank and on hand	314,753	989	8,542	–	540,230	2,444	10,358	–
Receivables	447,618	–	–	–	747,766	–	–	–
Short-term borrowings	(312,234)	(198,553)	–	–	(1,849,227)	–	–	–
Long-term borrowings	–	–	–	–	–	–	–	–
Payables	(573,106)	(52,982)	–	–	(511,352)	(71,263)	(5)	–
Current portion of non-current liabilities	–	–	–	–	–	–	–	–
Gross balance sheet exposure	(122,969)	(250,546)	8,542	–	(1,072,583)	(68,819)	10,353	–

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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	
	2018	2017	31 December 2018	31 December 2017
USD	6.6313	6.7249	6.8634	6.5359
EUR	7.8064	7.6805	7.8493	7.8003
HKD	0.8460	0.8621	0.8762	0.8359
JPY	0.0601	0.0601	0.0619	0.0579

- (3) Sensitivity analysis

Assuming other risk variables other than the exchange rate remain unchanged, the exchange rate of RMB against EUR and HKD caused the RMB to appreciate by 4.44% and 2.19% on 31 December 2018 (RMB exchange rate against USD and HKD caused the RMB to depreciate by 2.30% and 2.27% on 31 December 2017). At the same time, RMB exchange rate against USD and HKD depreciated the value of the RMB by 0.48% and 0.06% (on 31 December 2017, the exchange rate of RMB against EUR and JPY depreciated RMB by 3.06% and 1.22%), 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 2018		
USD	(46,545)	(46,545)
EUR	(388)	(388)
HKD	4	4
JPY	(2,112)	(2,112)
Total	(49,041)	(49,041)
31 December 2017		
USD	124,096	124,096
EUR	29,792	29,792
HKD	(1,263)	(1,263)
JPY	669	669
Total	153,294	153,294

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**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, the exchange rate of RMB against EUR and HKD caused RMB to appreciate by 4.44% and 2.19% on 31 December 2018 (RMB exchange rate against USD and HKD caused RMB to depreciate by 2.30% and 2.27% on 31 December 2017). At the same time, RMB exchange rate against USD and HKD depreciated the value of RMB by 0.48% and 0.06% (on 31 December 2017, the exchange rate of RMB against EUR and JPY depreciated the RMB by 3.06% and 1.22%), and this will lead to the same amount of changes in the equity of shareholders and profit and loss but negative value.

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 by 0.49%, 4.95%, 0.42% and 2.69% on 31 December 2018 (USD exchange rate against EUR, HKD and JPY caused USD to appreciate by 2.17%, 0.22% and 0.79% on 31 December 2017, and at the same time, USD exchange rate against RMB caused USD to depreciate by 0.24%), 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.

	Equity	Net profit
31 December 2018		
RMB	452	452
EUR	9,302	9,302
HKD	(27)	(27)
JPY	–	–
Total	9,727	9,727
31 December 2017		
RMB	(1,931)	(1,931)
EUR	1,120	1,120
HKD	(17)	(17)
JPY	–	–
Total	(828)	(828)

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, JPY exchange option and swap contact for interest rate disclosed in Note IV.2, Note IV.3 and IV.28 about financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, but the changes in exchange rate may have effect on shareholders' equity and net profit.

## Chapter XIV

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

#### XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

##### 5. Other price risks

Other price risks are mainly stock price risk. As at 31 December 2018, the Group held 40,414,000 tradable shares of Qingdao Port International Co., Ltd., 2,996,500 tradable shares of Sinotrans Shipping Limited.

As at 31 December 2018, it is estimated that a general increase/decrease of the comprehensive index of shares 5.00% (31 December 2017: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB7,023,000 (31 December 2017: RMB7,093,000).

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).



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 2018:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading – Investments in equity instrument held for trading	IV.2	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
Other current assets –	IV.11				
Notes receivables		179,412	–	–	179,412
Other debt investments –	IV.12				
Financial bonds		30,581	–	–	30,581
Other equity investments –	IV.13				
Unlisted company stock		–	800,856	–	800,856
Listed company stock		183,299	–	–	183,299
Other non-current financial assets –	IV.14				
Interest rate swap contract		–	332,081	–	332,081
<b>Financial assets total</b>		<b>586,968</b>	<b>1,181,992</b>	<b>–</b>	<b>1,768,960</b>
<b>Non-financial assets</b>					
Investment properties	IV.17	–	–	1,966,277	1,966,277
<b>Total</b>		<b>586,968</b>	<b>1,181,992</b>	<b>1,966,277</b>	<b>3,735,237</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 (Continued):

Liabilities	Note	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>					
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.42				
Interest rate swap contract		–	(8,499)	–	(8,499)
Financial guarantee contracts		–	–	(25,374)	(25,374)
<b>Financial liabilities total</b>		<b>–</b>	<b>(351,225)</b>	<b>(25,374)</b>	<b>(376,599)</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 2017:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets held for trading –	IV.2				
Investments in equity instrument held for trading		183,303	–	–	183,303
Derivative financial assets –	IV.3				
Foreign exchange forward contract		–	8,078	–	8,078
Foreign exchange option contract		–	2,135	–	2,135
Interest rate swap contract		–	318,538	–	318,538
Currency swap contract		–	–	–	–
Hedging instruments		–	1,360	–	1,360
Other current assets –	IV.11				
Notes receivables		21,060	–	–	21,060
Available-for-sale financial assets –					
Equity investments		3,995	408,000	–	411,995
Bond		–	28,661	–	28,661
Financial assets total		208,358	766,772	–	975,130
<b>Non-financial assets</b>					
Investment properties	IV.17	–	–	1,679,189	1,679,189
Total		208,358	766,772	1,679,189	2,654,319

Liabilities	Note	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>					
Derivative financial liabilities –	IV.28				
Foreign exchange forward contract		–	(241)	–	(241)
Foreign exchange option contract		–	(819)	–	(819)
Interest rate swap contract		–	(614)	–	(614)
Currency swap contract		–	(1,351)	–	(1,351)
Financial guarantee contracts		–	–	(37,807)	(37,807)
Financial liabilities total		–	(3,025)	(37,807)	(40,832)

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 2018, 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 2018	1,679,189
Transferred from inventories and construction in progress	125,532
Total gains for the current period	180,537
Gains recognised in profit or loss	55,223
Gains recognised in other comprehensive income	125,314
Disposals	(18,981)
31 December 2018	1,966,277
	Investment properties
1 January 2017	1,752,608
Transferred from fixed assets, intangible assets and construction in progress	145,775
Total gains for the current period	12,025
Gains recognised in profit or loss	5,344
Gains recognised in other comprehensive income	6,681
Transfer to other assets	(177,374)
Disposals	(53,845)
31 December 2017	1,679,189

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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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 2018	Valuation techniques	Significant unobservable inputs			
			Name	Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalisation 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
			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)	450-2,188	(a)	Unobservable

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**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:
- 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.

	Fair value as at 31 December 2017	Valuation techniques	Significant unobservable inputs			
			Name	Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –			Rate of return/capitalisation rate	6%-8%		
Completed investment properties held for sale	1,265,466	Income model	Monthly rental (RMB/square meter/ month)	7-9%	(a)	Unobservable
		Cost model	Budgeted construction cost to be incurred (RMB/square meter)	650-4,600		
			Anticipated developer's profit margin	9%-12%	(a)	Unobservable
Land use rights	413,723	Direct comparison	Market price (RMB/square meter)	450-2,200	(a)	Unobservable

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****6. Fair value estimates (Continued)****(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 2018, the Group's assets classified as available for sale include investment properties of RMB26,401,000, fixed assets of RMB86,296,000 and intangible assets of RMB85,177,000 (Note IV.9). Fair value is determined based on the present value of estimated future cash flows (RMB26,401,000, RMB115,743,000 and RMB97,563,000), 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 amortised cost method of including: accounts receivables, short-term borrowings, accounts payables, long-term borrowings, debentures payable, long-term payables etc.

As at 31 December 2018, all financial instruments are carried at amounts not materially different from their fair value.

There is an active market for bonds payable and fair value is determined by the quotations in the active market, which belongs to the first level. Fair value of long-term borrowings, long-term payables and debentures payables with no active market is determined by the discounted future cash flow of the contract in accordance with interest that is comparable and offer the same cash flow under the same conditions, which belongs to the third level.

**(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 available-for-sale financial assets if there is an active market.

**(b) Receivables**

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

**(c) Borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities**

The fair value of borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****6. Fair value estimates (Continued)****(4) Estimation and assumption of fair values (Continued)***(d) Derivatives*

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

*(e) Financial guarantees*

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XV. CAPITAL MANAGEMENT**

The Group's objectives of managing capital are to safeguard the Group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is shareholders' equity shown in the consolidated balance sheet. The group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

In 2018, the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2017: not to exceed 70%). The Debt-Asset ratio as at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018	31 December 2017
Total Liabilities	106,480,975	87,366,945
Total Assets	158,883,963	130,604,379
Debt-Asset ratio	67.02%	66.89%

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS****1. Cash at bank and on hand**

	31 December 2018	31 December 2017
Bank deposits	1,739,350	1,360,476
Other cash balances	6,539	6,400
<b>Total</b>	<b>1,745,889</b>	<b>1,366,876</b>
Including: cash abroad	–	–

As at 31 December 2018, restricted cash at bank and on hand of the Company amounted to RMB24,494,000 (31 December 2017: RMB31,146,000).

As at 31 December 2018, the fixed deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB1,000,000,000 (31 December 2017: RMB1,000,000,000).

**2. Other receivables**

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

	31 December 2018	31 December 2017
Amounts due from related parties	20,489,937	13,104,034
Dividends receivable	4,698,756	4,918,369
Interest receivable	38,013	–
Receivables from equity transfer	8,148	–
Security deposits	127	14,739
Others	8,599	82,949
<b>Sub-total</b>	<b>25,243,580</b>	<b>18,120,091</b>
Less: provision for bad debts	(4,580)	(4,580)
<b>Total</b>	<b>25,239,000</b>	<b>18,115,511</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 2. Other receivables (Continued)

## (2) Loss provision and changes in book balance

	First stage				Third stage			
	Expected credit loss in the next twelve months (collectively assessed)		Expected credit loss in the next twelve months (individually assessed)		Sub-total Provision for bad debts	Lifetime expected credit losses rate (suffered credit impairment)		Total Provision for bad debts
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
31 December 2017	18,115,511	-	-	-	-	4,580	(4,580)	(4,580)
changes in accounting policies	-	-	-	-	-	-	-	-
1 January 2018	18,115,511	-	-	-	-	4,580	(4,580)	(4,580)
Increase in current year	10,739,321	-	-	-	-	-	-	-
Reversal in current year	(3,615,832)	-	-	-	-	-	-	-
Write-off and derecognise in current year	-	-	-	-	-	-	-	-
Including: Write-off in current year	-	-	-	-	-	-	-	-
Derecognise	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
31 December 2018	25,239,000	-	-	-	-	4,580	(4,580)	(4,580)

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****2. Other receivables (Continued)****(2) Loss provision and changes in book balance (Continued)**

(i) As at 31 December 2018, the provision for bad debts of other receivables in the first stage is as follows:

	Book balance	Expected credit loss rate in the next twelve months	Provision for bad debts	Reason
Collectively assessed				
Amounts due from related parties	20,489,937	—	—	
Dividends receivable	4,698,756	—	—	Provision is measured as lifetime expected credit losses.
Interest receivable	38,013	—	—	
Receivables from equity transfer	8,148	—	—	
Security deposits	127	—	—	
Others	4,019	—	—	
	25,239,000		—	

(ii) As at 31 December 2018, there were no other receivables in the second stage.

(iii) As at 31 December 2018, the provision for bad debts of other receivables in the third stage is as follows:

	Book balance	Lifetime expected credit losses rate	Provision for bad debts	Reason
Individually assessed				
Others	4,580	100%	4,580	i)
	4,580		4,580	

i) Provision is measured as lifetime expected credit losses.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 2. Other receivables (Continued)

(3) As at 31 December 2018, 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	4.25%	–
		14,129,240		55.97%	–

The Company's five largest other receivables as at 31 December 2017 amounted to RMB8,000,642,000 and accounting for 44.15% of the total other receivables.

(4) Other receivables from shareholders holding more than 5% (inclusive) of the voting rights of the Company are analysed as follows:

As at 31 December 2018 and 31 December 2017, 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.

(5) Receivables from related parties

	Relationship with the Company	31 December 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Associates	Associates	69,259	0.27%	82,252	0.45%
Subsidiaries	Subsidiaries	20,420,678	80.89%	13,021,782	71.86%
Total		20,489,937	81.16%	13,104,034	72.31%

(6) Reversal or recovery of provision for the current year

There is no reversal or recovery of provision for the current year (2017: Nil).

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****2. Other receivables (Continued)****(7) Other receivables that are written off in current year**

There were no other receivables written off in current year (2017: Nil).

**(8) Other receivables derecognised due to transfer of financial assets**

As at 31 December 2018, there were no other receivables derecognised due to transfer of financial assets of the Company in the current year (31 December 2017: Nil).

**(9) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables**

As at 31 December 2018, there were no securitised other receivables.(31 December 2017: Nil).

**3. Available-for-sale financial assets and other equity investments****(1) Available-for-sale financial assets**

Available-for-sale financial assets measured at cost:

	31 December 2018	31 December 2017
Measured at cost		
Available-for-sale equity instruments	–	391,970
Less: impairment provisions	–	(3,065)
	–	388,905

	31 December 2016	Increase in current year	Decrease in current year	31 December 2017	Share holding (%)	Cash dividend declared
Available-for-sale equity instruments						
– Cost						
– BOCM Schroder Stolt Fund Management	8,125	–	–	8,125	5.00%	–
– China Railway United Logistics	380,780	–	–	380,780	10.00%	4,000
– Guangdong Samsung	1,365	–	–	1,365	0.09%	–
– Beihai Yinjian	1,700	–	–	1,700	1.01%	–
Sub-total	391,970	–	–	391,970		4,000
Less: impairment provisions	(3,065)	–	–	(3,065)		–
Total	388,905	–	–	388,905		4,000

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****3. Available-for-sale financial assets and other equity investments (Continued)****(1) Available-for-sale financial assets (Continued)****(2) Other equity investments**

	31 December 2018	31 December 2017
Other equity investments		
Unlisted company equity (II.32(3))		
– BOCM Schroder Stolt Fund Management	243,677	–
– China Railway United Logistics	445,596	–
	689,273	–

**4. Long-term equity investments****(1) Long-term equity investments are analysed by categories as follows:**

	31 December 2018	31 December 2017
Subsidiaries (2)	11,559,685	9,583,886
Less: impairment provisions	(88,086)	–
Total	11,471,599	9,583,886

There is no restriction on sale of the long-term equity investments held by the Company.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****4. Long-term equity investments (Continued)****(2) Subsidiaries:**

Company name	31 December 2017	Increase in current year	Decrease in current year	31 December 2018	Share holding (%)	Voting rights (%)	Impairment provided in the current year	Cash dividend declared
Cost Method – Subsidiaries								
Southern CIMC	110,831	249,147	–	359,978	100.00%	100.00%	–	475,949
Xinhui CIMC	36,500	–	36,500	–	–	–	–	–
CIMC NO	77,704	–	–	77,704	47.50%	100.00%	–	–
Dalian CIMC	48,764	–	48,764	–	–	–	–	–
Chongqing CIMC	39,499	–	–	39,499	75.00%	100.00%	–	–
SCRC	200,892	–	–	200,892	72.00%	92.00%	–	24,138
CIMC HongKong	1,690	–	–	1,690	100.00%	100.00%	–	628,362
CIMC SD	162,686	–	–	162,686	98.53%	100.00%	–	19,706
HI	606,912	–	–	606,912	44.33%	63.33%	–	128,253
CIMC Tech	41,526	–	–	41,526	59.46%	68.00%	–	–
CIMCWD	54,817	–	54,817	–	–	–	–	20,788
CIMC Training	48,102	–	–	48,102	100.00%	100.00%	–	–
DLZH	182,136	–	–	182,136	62.70%	100.00%	(88,086)	–
MEA	111,703	–	–	111,703	75.00%	100.00%	–	–
Shenzhen CIMC New Material	3,472	–	–	3,472	12.00%	100.00%	–	749
SZ Investment Holding	72,401	–	1,077	71,324	100.00%	100.00%	–	–
Finance Company	482,590	–	–	482,590	54.35%	100.00%	–	34,348
CIMC Financing and Leasing	422,363	–	–	422,363	75.00%	100.00%	–	182,865



## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

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

## (2) Subsidiaries: (Continued)

Company name	31 December 2017	Increase in current year	Decrease in current year	31 December 2018	Share holding (%)	Voting rights (%)	Impairment provided in the current year	Cash dividend declared
Qingdao CIMC Special Vehicle Co., Ltd.	26,912	–	26,912	–	–	–	–	681
SZ Investment	140,000	–	–	140,000	100.00%	100.00%	–	–
SESKYC	90,000	100,000	–	190,000	95.00%	100.00%	–	–
Dalian Railway	69,806	–	69,806	–	–	–	–	–
Container Holding	4,378,821	664,861	–	5,043,682	100.00%	100.00%	–	–
COOPERATIE CIMC U.A	205,022	–	–	205,022	99.00%	99.00%	–	–
Mordern Logistic	803,904	–	–	803,904	100.00%	100.00%	–	81,981
C&C Trucks	980,593	450,000	–	1,430,593	70.06%	70.06%	–	–
CIMC Offshore Holdings	35,000	–	–	35,000	100.00%	100.00%	–	–
Fortune	13,160	54,595	–	67,755	100.00%	100.00%	–	–
Dongguan Jiwang Industrial Park Co., Ltd.	30,000	–	–	30,000	100.00%	100.00%	–	–
Modular Investment	106,080	–	–	106,080	100.00%	100.00%	–	–
CIMC Technology	–	695,072	–	695,072	100.00%	100.00%	–	–
<b>Total</b>	<b>9,583,886</b>	<b>2,213,675</b>	<b>237,876</b>	<b>11,559,685</b>			<b>(88,086)</b>	<b>1,597,820</b>

## 5. Fixed assets

	31 December 2018	31 December 2017
Fixed assets (a)	137,907	143,131
Disposal of fixed assets (b)	32	1,117
	<b>137,939</b>	<b>144,248</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****5. Fixed assets (Continued)****(a) Fixed assets**

	Plants and buildings	Machinery and equipment	Office and other equipment	Total
<b>Original cost</b>				
31 December 2017	148,745	27,756	131,989	308,490
Transferred from construction in progress	–	1,314	4,754	6,068
Additions	542	1,385	1,605	3,532
Disposals	(2,681)	(1,029)	(661)	(4,371)
31 December 2018	146,606	29,426	137,687	313,719
<b>Accumulated depreciation</b>				
31 December 2017	(52,423)	(19,628)	(93,308)	(165,359)
Depreciation	(4,390)	(1,683)	(7,833)	(13,906)
Disposals	2,002	926	525	3,453
31 December 2018	(54,811)	(20,385)	(100,616)	(175,812)
<b>Net book value</b>				
31 December 2017	96,322	8,128	38,681	143,131
31 December 2018	91,795	9,041	37,071	137,907

The amount of depreciation accrued for fixed assets in 2018 was included in the administrative expenses amounting to RMB13,906,000 (2017: RMB13,198,000).

The original cost transferred from construction in progress was RMB6,068,000 (2017: RMB55,003,000).

**(b) Disposal of fixed assets**

	31 December 2018	31 December 2017
Office and other equipment	32	1,117

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 6. Short-term borrowings

(1) The analysis of the Company's short-term borrowings is as follows:

	31 December 2018	31 December 2017
Bank borrowings – Unsecured	6,235,000	350,000

As at 31 December 2018, the short-term loan interest rate ranged from 4.55% to 5.44%. (31 December 2017: 4.57% to 4.79%).

## 7. Taxes payable

	31 December 2018	31 December 2017
Income tax payable	11,651	1,867
Withholding individual income tax	1,867	1,113
VAT payable	1,706	2
Others	289	112
Total	15,513	3,094

## 8. Other payable

(1) The analysis of the Company's other payables is as follows:

	31 December 2018	31 December 2017
Current account with subsidiaries	2,373,047	4,622,950
Interest payable	119,072	89,295
Accruals	18,378	4,870
Software use rights	1,659	8,367
Quality guarantees	68	647
Others	11,293	13,747
Total	2,523,517	4,739,876

(2) Significant other payables aged over one year

Other payables aged over 1 year are mainly unpaid warranty.

(3) As at 31 December 2018 and 31 December 2017, 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.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****8. Other payable (Continued)****(4) Other payables to related parties:**

Company name	Relationship with the Company	31 December 2018	31 December 2017
Total amount due to subsidiaries	Subsidiaries	2,373,047	4,622,950

**9. Current portion of non-current liabilities**

Item	Note	31 December 2018	31 December 2017
Current portion of long-term borrowings			
– Unsecured	XVI.10	900,000	1,095,000
Current portion of debentures payable	XVI.11	7,986,500	–
Total		8,886,500	1,095,000

**10. Long-term borrowings**

	31 December 2018	31 December 2017
Bank borrowings		
– Unsecured	1,753,000	1,322,000

As at 31 December 2018, there were no overdue long-term borrowings of which the durations are extended (31 December 2017: Nil).

As at 31 December 2018, the interest rate of long-term borrowing ranged from 1.20% to 5.46% (31 December 2017: 1.20% to 4.45%).

**11. Debentures payable**

Information for the Company's debentures payable is disclosed in Note IV.39.

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 12. Deferred tax assets

- (1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	31 December 2018		31 December 2017	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	367,011	91,753	291,949	72,986
Derivative financial liabilities	–	–	614	154
Sub-total	367,011	91,753	292,563	73,140
Offsetting amount	(4,734)	(1,184)	–	–
<b>Offsetting balances</b>	<b>362,277</b>	<b>90,569</b>	<b>292,563</b>	<b>73,140</b>
Including:				
Amount expected to be reversed within 1 year (inclusive)		90,569		73,140

	31 December 2018		31 December 2017	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Derivative financial assets:	4,734	1,184	–	–
Sub-total	4,734	1,184	–	–
Offsetting amount	(4,734)	(1,184)	–	–
<b>Offsetting balances</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Including:				
Amount expected to be reversed within 1 year (inclusive)	–	–		

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****13. Capital reserve**

	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)
<b>Total</b>	<b>3,330,895</b>	<b>41,091</b>	<b>(34,781)</b>	<b>3,337,205</b>

	1 January 2017	Increase in current year	Decrease in current year	31 December 2017
Capital surplus	3,601,855	73,823	–	3,675,678
Other capital reserve:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	253,012	–	(30,077)	222,935
Others	(568,492)	–	–	(568,492)
<b>Total</b>	<b>3,287,149</b>	<b>73,823</b>	<b>(30,077)</b>	<b>3,330,895</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 14. Other comprehensive income

	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)

	Other comprehensive income in balance sheet			Other comprehensive income in income statement of 2017				
	31 December 2016	Post-tax amount attributable to the Company	31 December 2017	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								
Property revaluation reserve	43,754	-	43,754	-	-	-	-	
	43,754	-	43,754	-	-	-	-	

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****15. Undistributed profits**

	2018	2017
Undistributed profits at the beginning of the year	2,189,653	2,380,348
Add: net profit attributable to the Company for the current year	1,446,369	79,106
Less: influence of issuance of perpetual bonds	(77,841)	(87,808)
Less: appropriation for surplus reserve	(1,050)	(2,156)
Ordinary share dividends payable	(806,533)	(179,837)
Undistributed profits at the end of the year	2,750,598	2,189,653

Approved by the shareholders' general meeting on 8 June 2018, the Company distributed cash dividends to ordinary shareholders on 20 July 2018, at RMB0.27 per share (2017: RMB0.06 per share), totaling RMB806,533,000 (2017: RMB179,837,000).

**16. Revenue and cost of sales****(1) Revenue and cost of sales**

	2018	2017
Revenue from other operations	346,019	331,166
Cost of sales from other operations	–	1,452

**(2) Revenue and cost of sales from other operations**

	2018		2017	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	330,252	–	246,982	–
Others	15,767	–	84,184	1,452
Total	346,019	–	331,166	1,452



## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****17. Financial (income)/expenses**

	2018	2017
Interest expenses	698,019	537,640
Less: Interest income	(444,985)	(332,379)
Exchange (gains)/losses	(297,701)	469,649
Others	27,391	15,150
<b>Total</b>	<b>(17,276)</b>	<b>690,060</b>

**18. Expenses by nature**

	2018	2017
Salary and wages	231,315	206,822
Agency fees	61,030	39,102
Office expenditure and operating expenditure	33,434	32,176
Software and system maintenance fee	24,958	17,805
Depreciation and amortisation	24,924	24,560
Travel and communication costs	12,967	10,970
Advertising and stock certificate fee	6,560	10,951
Technical development expenditure	5,681	40,774
Other expenses	7,159	2,372
<b>Total</b>	<b>408,028</b>	<b>385,532</b>

**19. Investment income****(1) Investment income by projects**

	2018	2017
Income from long-term equity investment under cost method	1,597,820	947,752
Income earned during the holding period of other equity investments	6,000	–
Income earned during the holding period of available-for-sale financial assets	–	4,000
Losses from disposal of long-term equity investment	(70,840)	(7)
Other investment income	788	7,904
<b>Total</b>	<b>1,533,768</b>	<b>959,649</b>

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****20. Non-operating income**

	2018	2017
Guarantee losses	5,130	100,989
Losses from debt restructuring	–	95,272
Losses of disposal of fixed assets	–	677
Others	3,223	2,626
<b>Total</b>	<b>8,353</b>	<b>199,564</b>

**21. Income tax credits**

	2018	2017
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	(17,429)	(20,860)
<b>Total</b>	<b>(17,429)</b>	<b>(20,860)</b>

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:

	2018	2017
Profit before income tax	1,428,940	58,246
Income tax expenses calculated at applicable tax rates	357,235	14,562
Expenses not deductible for tax purposes	3,338	1,375
The tax effect of the current year's loss of unrecognised deferred income tax assets	2,582	204,206
Income not subject to tax	(400,955)	(237,938)
Tax impact on unrecognised temporary differences in deferred income tax assets	20,371	(3,065)
<b>Income tax expenses</b>	<b>(17,429)</b>	<b>(20,860)</b>

## Chapter XIV

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2018  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 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:

	2018	2017
Net profit	1,446,369	79,106
Add: Impairment provision for assets	88,086	–
Depreciation of fixed assets	13,906	13,198
Amortisation of intangible assets	258	259
Amortisation of long-term prepaid expenses	10,760	11,103
Amortisation of deferred income	(6,602)	(12,259)
(Profits)/losses on disposal of fixed assets, intangible assets	(25,471)	647
Fair value gains	(5,348)	(2,747)
Financial expenses	570,255	777,404
Investment income	(1,533,768)	(959,649)
Increase in deferred tax assets	(17,429)	(20,860)
Increase in operating receivables	(7,247,089)	(140,627)
(Increase)/decrease in operating payables	(2,899,647)	1,783,402
Net cash flows from operating activities	(9,605,720)	1,528,977

## (b) Net change of cash and cash equivalents:

	2018	2017
Cash and cash equivalents at the end of the year	721,395	335,730
Less: cash and cash equivalents at the beginning of the year	335,730	1,715,470
Net change of cash and cash equivalents	385,665	(1,379,740)

## (2) Composition of cash and cash equivalents

	31 December 2018	31 December 2017
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	721,395	335,730
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	721,395	335,730

Note: Aforsaid "Cash at bank and on hand" excluded restricted cash.

## Chapter XIV

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2018  
 (All amounts in RMB'000 unless otherwise stated)  
 English Translation for Reference Only

# SUPPLEMENTARY TO THE FINANCIAL STATEMENTS

## 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2018	2017
Income from disposal of non-current assets	1,347,841	15,635
Government grants recognised in profit or loss for the current period	386,822	472,626
Gains from changes in fair value arising from holding financial assets held for trading, and investments gains arising from disposal of available-for-sale financial assets, other debt investments and other non-current financial assets except for the effective hedging activities related to the Group's ordinary activities	(442,899)	125,295
Income from disposal of long-term equity investment	113,061	458,808
Other non-operating income and expenses other than the above items	(158,226)	143,549
Other non-recurring gains and losses items	259,462	335,255
Effect of income tax	(360,164)	(326,880)
Effect of minority interests (after tax)	(24,070)	(82,114)
<b>Total</b>	<b>1,121,827</b>	<b>1,142,174</b>

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

### Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## 2. Return on net assets and earnings per share

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets (2010 revised) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2018	2017	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the Company	10%	8%	1.11	0.81	1.10	0.81
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7%	4%	0.71	0.43	0.71	0.43

## 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 2018 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.

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

CIMC R&D Center, No.2 Gangwan Avenue, Shekou,  
Nanshan District, Shenzhen, Guangdong, P.R.C

Tel: 86-755-26691130

Fax: 86-755-26692707

[www.cimc.com](http://www.cimc.com)