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

2010

Annual Report

23 March 2011

Section I Important Statement and Contents

Important Statement

The Board of Directors, the Board of Supervisor, as well as directors, supervisors and senior management of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as "the Company") hereby undertake that the information and data contained in this report are free from false records, misleading statements or significant omission, and we shall assume individual and joint liabilities for the authentication, accuracy and integrity of the contents in this report.

No directors, supervisors or senior management have any objection to the authenticity, accuracy or integrity of the contents of this annual report.

This report has been audited by KPMG which has issued auditor's report with unqualified opinion.

Mr. Li Jianhong, the Chairman of the Board, Mr. Mai Boliang, the President of the Company and Mr. Jin Jianlong, the General Manager of Financial Management Dept., hereby undertake that the financial report in this annual report is true and complete.

This report consists of Chinese and English versions and in case of discrepancy between these two versions, the Chinese version shall prevail.

Contents

Section Ⅱ General Information

I. Statutory Chinese and English names and abbreviations:

Chinese name: 中国国际海运集装箱（集团）股份有限公司

Chinese abbreviation: 中集集团

English name: CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD

English abbreviation: CIMC

II. Legal representative: Li Jianhong

III. Board secretary: Yu Yuqun

Tel: (86) 755-2669 1130

Fax: (86) 755-2682 6579

Representative for securities affairs: Wang Xinjiu

Tel: (86) 755-2680 2706

Fax: (86) 755-2681 3950

Address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

Zip code: 518067

E-mail: shareholder@cimc.com

IV. Registered address: 8/F, CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong

Office address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong

Zip code: 518067

Website: http://www.cimc.com

V. Newspapers designated by the Company for information disclosure: "China Securities Journal", "Securities Times", "Shanghai Securities News" and "Ta Kung Pao".

Website designated by CSRC for information disclosure: http://www.cninfo.com.cn

Places where annual report is made available: Board secretary's office and Financial Management Dept.

VI. Stock exchange on which the Company are listed: Shenzhen Stock Exchange

Stock short form and code: CIMC (000039), CIMC B (200039)

VII. Other relevant information:

1. Date of initial registration: Jan., 1980
2. Place of initial registration: Shenzhen Administration for Industry and Commerce
3. Latest change in registration: 19 Nov. 2008
4. Place of registration after change: Shenzhen Administration for Industry and Commerce
5. Corporate business license: 440301501119369
   Tax registration No.: State Tax 440301618869509; Local Tax 440305618869509
6. Organization code: 61886950-9
7. Name and office address of certified public accountants engaged by the Company: KPMG

Office address: 38/F, Yuehai Tianhe Town Plaza, 208 Tianhe Road, Guangzhou
Zip code: 510620

Primary Banks Connected:
China Development Bank
The Export-Import Bank of China
China Construction Bank
Bank of Communications
China Merchants Bank
Bank of China
Citibank,N.A.
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
ING Bank
Nanyang Commercial Bank

Section III Financial and Business Highlights

I. Key accounting data as of year 2010

Unit: RMB’000 Yuan

No.	Item	Amount
1	Total profit	3,674,607
2	Operating profit	3,438,168
3	Net profit attributable to shareholders of listed company	3,001,851
4	Net profit excluding non-recurring gain/loss (Note)	2,791,507
5	Net cash flow from operating activities	1,482,901

Note: Items of non-recurring gains/losses

Unit: RMB’000 Yuan

Items of non-recurring gains and losses	Amount
Gains and losses from non-current asset disposal	(164,757)
Governmental subsidy	93,685
Capital occupation fee from non-financial corporate that written into current gains and losses	7,919
Gains and losses from changes in fair value of transaction financial assets and transaction financial liabilities and investment income from disposal of transaction financial assets, transaction financial liabilities and financial assets available for sale besides valid hedging business relating to normal operating business	209,457
Gains and losses from external entrusted loans	84,166
Other non-operating income and expenditure	79,139
Impact on income tax	(62,571)
Impact on equity of minority shareholders	(36,694)
Total	210,344

II. Impact on net profit and net assets from adjustment in compliance with IAS

Unit: RMB’000 Yuan

	Net profit		Net assets	
	Amount of this period	Amount of last period	Amount at the period-end	Amount at the period-begin
As per IAS	3,007,463	964,649	16,219,107	14,193,198
As per PRC GAAP	3,001,851	958,967	16,223,057	14,198,208
Items to be adjusted based on IAS				
Other	5,612	5,682	(3,950)	(5,010)
As per IAS				
Explanation for difference	Mainly of the amortization of the estimated increase of former fixed assets, intangible assets.			

III. Key accounting data and financial indicators in the recent 3 years

Unit: RMB’000 Yuan

Items	2010	2009	Increase/decrease (%)	2008
Operating revenue	51,768,316	20,475,507	152.83%	47,327,281
Total profit	3,674,607	1,465,385	150.76%	1,927,029
Net profit attributable to shareholders of parent company	3,001,851	958,967	213.03%	1,406,908
Net profit excluding non-recurring gain/loss attributable to shareholders of parent company	2,791,507	-281,787	1090.64%	990,797
Net cash flow from operating activities	1,482,901	969,685	52.93%	3,366,538
Basic EPS (RMB Yuan)	1.13	0.36	213.89%	0.53
Diluted EPS (RMB Yuan)	1.13	0.36	213.89%	0.53
Basic EPS after deducting non-recurring gain and loss (RMB Yuan)	1.05	-0.11	1054.55%	0.37
Weighted average return on equity	20%	7%	13%	10%
Weighted average return on equity after deducting non-recurring gain and loss	18%	-2%	20%	7%
Net cash flow from operating activities per share (RMB Yuan)	0.56	0.36	55.56%	1.26
Items	**31 Dec. 2010**	**31 Dec. 2009**	Increase/decrease year-on-year (%)	**31 Dec. 2008**
Total assets	54,130,649	37,358,383	44.90%	34,557,863
Shareholders' equity attributable to shareholders of parent company	16,223,057	14,198,208	14.26%	13,428,901
Net assets per share attributable to shareholders of parent company (RMB Yuan)	6.09	5.33	14.26%	5.04

Section IV Shareholders and Changing of Share Capital

I. Changes in share capital

(I) Changes in share capital as at 31 Dec. 2010

1 Statement on changes in share capital

Unit: Share

	Before this change		Increase/decrease (+/-)				After this change	
	Number of shares	Ratio (%)	Issuance of new share	Bonus shares	Others	Subtotal	Number of shares	Ratio (%)
I. Shares subject to trading moratorium	620,177	0.02	0	0	0	0	620,177	0.02
1. Shares held by state	0	0	0	0	0	0	0	0
2. Shares held by state-owned corporations	0	0	0	0	0	0	0	0
3. Shares held by other domestic investors	0	0	0	0	0	0	0	0
Including: Shares held by domestic non-state-owned corporations	0	0	0	0	0	0	0	0
Shares held by domestic natural person	0	0	0	0	0	0	0	0
4. Shares held by overseas investors	0	0	0	0	0	0	0	0
Including: Shares held by overseas corporations	0	0	0	0	0	0	0	0
Shares held by overseas natural person	0	0	0	0	0	0	0	0
5. Shares held by senior management	620,177	0.02	0	0	0	0	620,177	0.02
II. Shares not subject to trading moratorium	2,661,775,874	99.98	0	0	0	0	2,661,775,874	99.98
1. RMB ordinary shares (A-share)	1,231,297,165	46.25	0	0	0	0	1,231,297,165	46.25
2. Domestically listed foreign shares (B-share)	1,430,478,709	53.73	0	0	0	0	1,430,478,709	53.73
3. Overseas listed foreign shares	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0
III. Total number of shares	2,662,396,051	100.00	0	0	0	0	2,662,396,051	100.00

Note: The total share capital of the Company is 2,662,396,051 shares, including 1,231,915,542 A Renminbi common shares (A shares) and 1,430,480,509 domestically listed foreign shares (B shares).

2 Statement on changes in shares subject to trading moratorium

Unit: Share

Name of shareholder	Number of shares subject to trading moratorium at year-begin	Number of shares released from trading moratorium in current year	Number of shares subject to trading moratorium increased in current year	Number of shares subject to trading moratorium at year-end	Reason	Date of releasing trading moratorium
Mai Boliang	371,026	123,676	123,676	371,026	Shares held by Senior management was frozen by China Securities Depository and Clearing Limited Shenzhen Branch according to relevant regulations	Naught
Li Ruiting	247,351	82,451	82,451	247,351		
Liu Xuebin	1,800	600	600	1,800		
Total	620,177	206,727	206,727	620,177		

(II) Share issuing and listing

1 The Company didn't issue any shares or derivative securities in the past 3 years by the end of the reporting period.

2 During the reporting period, total number of shares of the Company and its structure remained unchanged.

3 Up till the end of reporting period, the Company has no inner staff shares.

II. Shareholders and actual controller

(I). Shares held by major shareholders (as at 31 Dec. 2010)

Unit: share

Total number of shareholders	160,312 shareholders, including 132375 ones of A-share， 27937ones of B-share					
Shares held by the top ten shareholders						
Name of shareholder	Nature	Shareholding ratio (%)	Shareholding at period end	Shares subject to trading moratorium held	Number of pledged or frozen shares	
China Merchants (CIMC) Investment Limited	Foreign investor	25.00%	665,599,037	0	0	
COSCO Container Industries Limited	Foreign investor	16.23%	432,171,843	0	0	
COSCO Container Industries Limited	Foreign investor	5.57%	148,320,037	0	0	
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign investor	3.23%	85,998,058	0	0	
LONG HONOUR INVESTMENTS LIMITED	Foreign investor	0.95%	25,322,106	0	0	
New China Life Insurance Co., Ltd–Dividend	Other	0.83%	22,184,495	0	0	

Distribution–Individual Dividend-018L-FH002 Shen					
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign investor	0.69%	18,373,582	0	0
INDUSTRIAL & COMMERCIAL BANK OF CHINA—E FUND VALUE GROWTH MIXED SECURITIES INVESTMENT FUND	Other	0.68%	18,000,000	0	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign investor	0.66%	17,683,993	0	0
National Social Security Fund 102 Portfolio	Other	0.53%	14,043,592	0	0
China Merchants Bank Co., Ltd-Everbright Pramerica Advantage Allocation Stock Fund	Other	0.50%	13,312,936	0	0

Shares held by the top ten shareholders holding shares not subject to trading moratorium		
Name of shareholders	Number of shares not subject to trading moratorium	Type of shares
China Merchants (CIMC) Investment Limited	665,599,037	Domestically listed foreign share
COSCO CONTAINER INDUSTRIES LIMITED	432,171,843	RMB common share
COSCO Container Industries Limited	148,320,037	Domestically listed foreign share
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	85,998,058	Domestically listed foreign share
LONG HONOUR INVESTMENTS LIMITED	25,322,106	Domestically listed foreign share
New China Life Insurance Co., Ltd–Dividend Distribution–Individual Dividend-018L-FH002 Shen	22,184,495	RMB common share
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	18,373,582	Domestically listed foreign share
INDUSTRIAL & COMMERCIAL BANK OF CHINA—E FUND VALUE GROWTH MIXED SECURITIES INVESTMENT FUND	18,000,000	RMB common share
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	17,683,993	Domestically listed foreign share
National Social Security Fund 102 Portfolio	14,043,592	RMB common share
China Merchants Bank Co., Ltd-Everbright Pramerica Advantage Allocation Stock Fund	13,312,936	RMB common share

Explanation on associated relationship among the top ten shareholders or acting-in-concert	1. Association relationship and acting-in-concert person relation exist between COSCO Container Industries Limited and Long Honour Investments Limited, where COSCO Container Industries Limited is subordinate wholly-owned subsidiary of COSCO Pacific Limited under COSCO Group; Long Honour Investments Limited is subordinate wholly-owned subsidiary of COSCO Hong Kong (hereinafter refer to as “COSCO Hong Kong”)under COSCO Group; These two and other shareholders are not acting-in-concert person specified in “Regulatory Provisions on Disclosure of Information on Shareholding Change of Shareholders for Listed Companies”. 2. The Company is not aware of whether association relationship exists between other shareholders and whether they are acting-in-concert person as specified in “Regulatory Provisions on Disclosure of Information on Shareholding Change of Shareholders for Listed Companies”.

(II) Corporate shareholders with shareholding ratio exceeding 10%

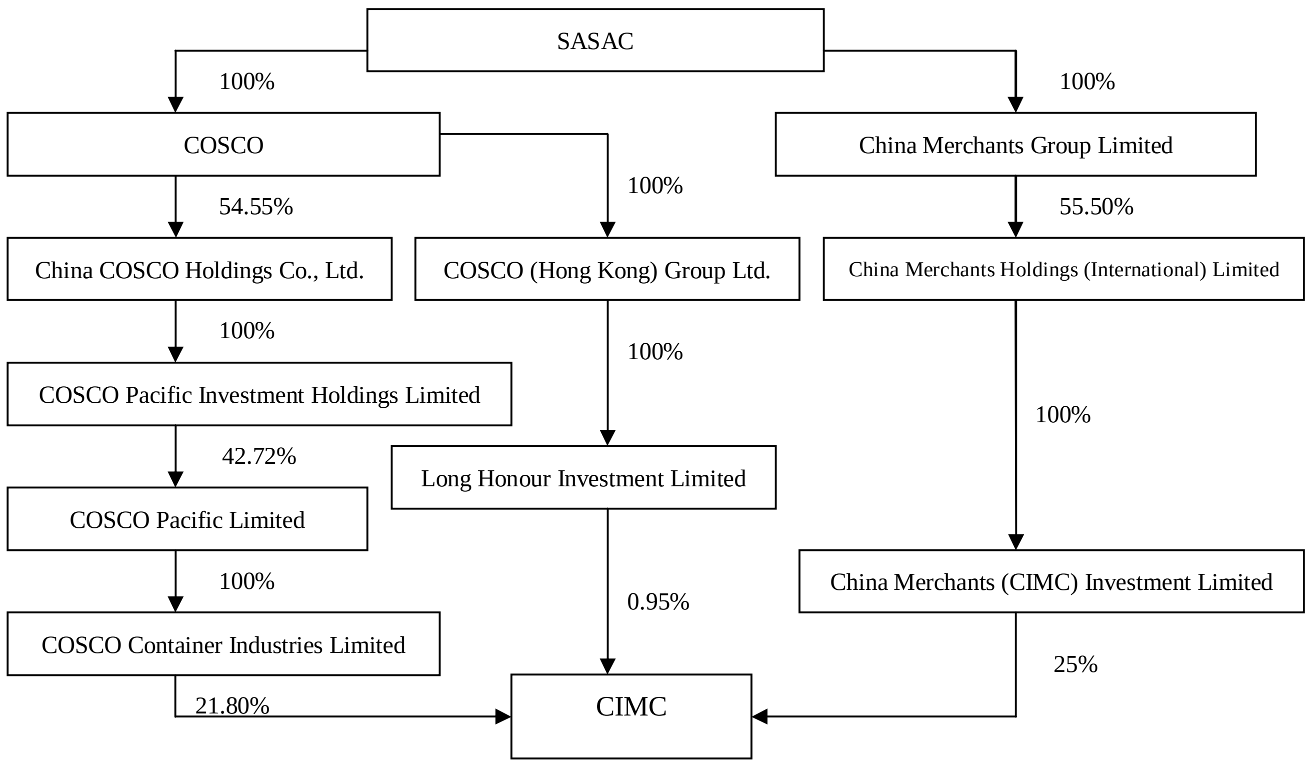
1 None of shareholders with shareholding ratio exceeding 30% (controlling shareholders)

Name of shareholder	Shareholding ratio	Director	Date of incorporation	Registered capital	Equity structure	Business scope
China Merchants (CIMC) Investment Limited	25.00%	Huang Qianru, Zhang Rizhong and LinWuliu	1995.1.17	HKD 10,000	Wholly-owned by China Merchants Holdings (International) Limited	Investment and holdings
COSCO Container Industries Limited	21.80%	Chen Keng, Zhang Jie and Xu Jian	2004.4.26	USD 1	Wholly-owned by COSCO Pacific	Investment and holdings

(1) China Merchants (CIMC) Investment Limited is the wholly-owned subsidiary of China Merchants Holdings (International) Limited. China Merchants Group Limited holds 55.50% equity of China Merchants Holdings (International) Limited. China Merchants (CIMC) Investment Limited holds 25.00% equity of CIMC. Therefore China Merchants (CIMC) Holdings Limited actually holds 25.00% equity of CIMC.

(2) As a liability limited company incorporated in British Virgin Islands, COSCO Container Industries Limited is a wholly-owned subsidiary under COSCO Pacific Limited. COSCO Pacific Investment Holdings Limited holds 42.72% equity of COSCO Pacific Limited. COSCO Pacific Investment Holdings Limited is a subordinate wholly-owned subsidiary under China COSCO Holdings Limited and COSCO Group holds 54.55% equity of China COSCO Holdings Limited. COSCO Container Industries Limited held 21.80% equity of CIMC through COSCO Containers Industries Limited; Long Honour Investments Limited is a subordinate wholly-owned subsidiary under COSCO Hong Kong and holds 0.95% equity of CIMC.

Property and controlling relation between actual controller and CIMC



2 The Company has no controlling shareholder. In the reporting period, no change occurred to China Merchants (CIMC) Investment Limited and COSCO Container Industries Limited

(III) Time for listing and trading of shares subject to trading moratorium

Time	Shares subject to trading moratorium listed for trade due to expiration	Balance of shares subject to trading moratorium	Balance of shares not subject to trading moratorium
5 Sep. 2007	133,119,802	299,052,041	133,119,802
2 Jul. 2008	133,119,802	165,932,239	266,239,604
15 Jun. 2009	165,932,239	0	432,171,843

Note: On 30 Jun. 2009, 432,171,843 shares subject to trading moratorium of the Company held by COSCO Container Industries Limited were listed for trading.

Shares subject to trading moratorium held by the top ten shareholders and trading moratorium

Unit: Share

Name of shareholders	Quantity of shares subject to trading moratorium	Date of list for trade	Additional shares to be listed for trade	Trading moratorium
Mai Boliang	494,702	—	—	Shares held by Senior management was frozen by China Securities Depository and Clearing Limited Shenzhen Branch according to relevant regulations
Li Ruiting	329,802			
Liu Xuebin	2,400			

Section V Directors, Supervisors, Senior Managements and Employees

I. Directors, supervisors and Managements

Name	Title	Gender	Age	Office term	Total remuneration/ allowance received from the Company (RMB'0000)	Whether receive remuneration from the shareholders or other organizations
Fu Yuning	Chairman	Male	54	Apr. 2007-Apr. 2010	-	Yes
Li Jianhong	chairman	Male	55	Apr. 2010-Apr. 2013	-	Yes
Mai Boliang	Director and president	Male	51	Apr. 2010-Apr. 2013	596.22	No
Wang Hong	Director	Male	48	Apr. 2010-Apr. 2013	-	Yes
Xu Minjie	Director	Male	52	Apr. 2010-Apr. 2013	-	Yes
Ding Huiping	Independent director	Male	48	Apr. 2010-Apr. 2013	8.00	No
Jin Qingjun	Independent director	Male	53	Apr. 2010-Apr. 2013	12.00	No
Xu Jing'an	Independent director	Male	69	Apr. 2010-Apr. 2013	12.00	No
Qin Rongsheng	Independent director	Male	48	Apr. 2007-Apr. 2010	4.00	No
Lv Shijie	Chief supervisor	Male	46	Apr. 2010-Apr. 2013	-	Yes
Huang Qianru	Supervisor	Female	58	Apr. 2010-Apr. 2013	-	Yes
Feng Wanguang	Staff supervisor	Male	64	Apr. 2010-Apr. 2013	110.86	No
Zhao Qingsheng	Vice president	Male	58	Apr. 2010-Apr. 2013	189.92	No
Li Ruiting	Vice president	Male	63	Apr. 2010-Apr. 2013	104.27	No
Wu Fapei	Vice president	Male	52	Apr. 2010-Apr. 2013	138.38	No
Li Yinhui	Vice president	Male	43	Apr. 2010-Apr. 2013	134.52	No
Liu Xuebin	Vice president	Male	52	Apr. 2010-Apr. 2013	208.40	No
Yu Ya	Vice president	Male	54	Apr. 2010-Apr. 2013	137.24	No
Jin Jianlong	General manager of Financial Management	Male	57	Apr. 2010-Apr. 2013	137.12	No
Zeng Beihua	General manager of Capital Management	Female	56	Apr. 2010-Apr. 2013	128.39	No
Yu Yuqun	Secretary to the Board of Directors	Male	45	Apr. 2010-Apr. 2013	137.02	No
Total	—	—	—	—	2058.34	—

(I) Basic information

Shares of the company held by directors, supervisors and senior managements

Name	Shareholding at the beginning of the year	Shareholding at the end of the year	Reason for change in shareholding
Mai Boliang	494,702	494,702	—
Li Ruiting	329,802	329,802	—
Liu Xuebin	2,400	2,400	—
Total	826,904	826,904	—

(II) Main work experience of current directors, supervisors and senior managements

1. Members of Board of Directors

Mr. Fu Yuning, Chairman of the Board of Directors. He is currently Director and president of China Merchant Group, President and director as well as General Manager of China Merchants Holdings (International) Co., Ltd., Chairman of the Board of Directors of China Merchants Energy Shipping Co., Ltd, non-executive directors of China Merchants Bank Co., Ltd, independent non-executive director of IDS Group Limited, non-executive director of Sino Land Company Limited and independent non-executive director of Capitaland Limited. Mr. Fu was graduated from Dalian University of Technology in 1982 with bachelor degree in port engineering. He got the doctor's degree in offshore engineering mechanics from UK Brunel University in 1986 and worked in the university as post-doctoral researcher for many years. Mr. Fu ever took the post of Directing Manager of Chiwan Base and China Nanshan Development (Group) Incorporation, and of Vice President of China Merchants Group. He acted as Director of the Company since Apr. 2007, due to work reason, Mr. Fu resigned the job as Director of the Company, Chairman of the Board on 25 Oct. 2010.

Mr. Li Jianhong, Chairman of the Company, is currently President of COSCO Group. Mr. Li holds such degrees as MBA from University of East London and master of economic administration from Jilin University and holds the title of senior technical title of senior economist. He ever work for COSCO Group and took the post of Factory Director of COSCO Nantong Shipyard, of General Manager of COSCO Industry Company, and of Assistant President, Chief Economist and Vice President of COSCO Group, of Chairman of COSCO Corporation (Singapore) Limited, of Chairman of the Board of Sino-Ocean Land Holdings Limited, of Chairman of COSCO Shipyard Group Co., Ltd., as well as of President for China business of Nantong COSCO KHI Ship Engineering Co., Ltd.. Meanwhile, Mr. Li Mr. also has been director of COSCO Holding Limited, COSCO Pacific Limited and COSCO International Holdings Limited (all of which are listed in Hongkong Exchanges and Clearing Limited) Li is also vice director of China Society of Naval Architecture and Offshore engineering and Vice President of China Association of National Shipbuilding Industry etc. He has been awarded the 3rd Session of National Outstanding Young Entrepreneur and Model Worker of National Transportation System in 1995. He has been Director of the Company since March 1995 and acts as Director of the Company again since 25 October 2010.

Mr. Mai Boliang, is the director and President of the Company. He graduated from mechanical engineering of South China University of Technology and served as technician and Manager and Deputy Manager of Product Technical Dept. since 1982. He began to serve as president of the Company in 1992 and act as Director of the Company since March 1994.

Mr. Wang Hong, Director. He is currently General Manager of Strategy Research Department of China Merchants Group Limited, concurrently Director of China Merchants Group (Hong Kong) Limited, Director of China Merchants Holdings (International) Co., Ltd., as well as Director of China Merchants Energy Shipping Co., Ltd. Mr. Wang graduated from turbine management in Dalian Maritime University in 1982 and then continued his study in the Graduate School of University of Science and Technology Beijing and Graduate School of Chinese Academy of Social Sciences and achieved MBA degree and PHD of management respectively. He ever served as Marine engineer of COSCO Guangzhou Ocean Shipping Company, General Manager of CIESCO (China Communications Import & Export Corporation) Ocean Shipping Dept., General Manager of CIESCO Financial Dept and CIESCO General Manager, Managing Director of China Merchants (Hong Kong) Haitong Limited, General Manager of Performance Appraisal Dept. and HR Dept. in China Merchants Group, and standing Vice General Manager of China Merchants Holdings (International) Co., Ltd as well as Vice Chairman in Shanghai International Port (Group) Co., Ltd. He began to act as the Company's Director since April 2007.

Mr. Xu Minjie, Director. He is currently Executive Director, Vice Chairman and Managing Director of COSCO Pacific Limited as well Chairman of Investment & Strategic Planning Council and member of Executive Board, Nominating Council and Remuneration Council. Mr. Xu graduated from ship navigation in Qingdao Ocean Shipping Mariners College and obtained MBA degree from Shanghai Maritime University and master's degree in management from Maastricht School of Management in Netherlands. Mr. Xu joined COSCO Group in 1980. In November 1998, he began to serve as General Manager of COSCO Shanghai International Ocean Freight & Forwarding Company. From December 1998 to September 2003, he served as Vice Chairman of Shanghai International Freight Forwarders Association. In September 2003, he began to serve as General Manager of Freight Dept. in COSCO Group. He was also once shipmaster of ocean shipping, Department Manager of Container Freight Dept, Operation Dept and Ocean Shipping Export Dept in COSCO Shanghai as well as deputy manager of Shanghai International Ocean Freight Company. From June 2005 to January 2007, he served as Director of China Communications and Transportation Association. Mr. Xu owns an ocean shipping experience of over 30 years and extensive experience in enterprise operation and management. His predominant foresight and administrative capacity are received good reputation in the industry. In January 2007, Mr. Xu began to serve as Vice Chairman and Managing Director of COSCO Pacific Limited and was in charge of general management, the development strategy, corporation governance and financial management affaires. He has been the Company’s Director since April 2007.

Mr. Qin Rongsheng, Independent Director with PHD in management, is a certified accountant in China. He is currently CCP Secretary, professor and doctor tutor of Beijing National Accounting Institute, and Vice President of China Audit Society, Vice President of China Association of Chief Financial Officers, member of China Certified Accountants Test Commission under the Ministry of Finance, member of China Auditing Standards Commission and part-time professor of Tsinghua University and Renmin University of China. He didn’t act as Company’s Independent Director since April 2010.

Mr. Ding Huiping, Independent Director with PHD in management, professor and doctor tutor of School of Economics and Management in Beijing Jiaotong University, is Director of Chinese EnterpriseCompetitive Power Research Center in Beijing Jiaotong University. He concurrently acts as independent director of CRBC International Co., Ltd. He graduated from Northeastern University with bachelor of engineering degree in Feb. 1982. He went to Sweden for study in 1987, got licentiate of engineering in 1991, got economics doctor degree in 1992 and then has been postdoctoral researcher. He returned to China in 1994, and then has been working in School of Economics and Management of Northern Jiaotong University (now named Beijing Jiaotong University) till now. Mr. Ding once concurrently acted as independent director of China Merchants Bank, Huadian Power International Corporation Limited and Shandong Luneng Taishan Cable Co., Ltd. His research direction: finance, decision-making of investment & financing and enterprise evaluation and administration on enterprise economy and innovation. Mr. Ding has been acted as Independent Director of the Company since April 2010.

Mr. Jin Qingjun, Independent Director, is a master and securities lawyer. He currently holds such positions as partner of King & Wood Law Firm as well as visiting professor of China University of Politic Science and Law, arbitrator of Shenzhen Arbitration Committee, arbitrator of China International Economic and Trade Arbitration Commission, member of Appeals Review Committee of Shenzhen Stock Exchange, legal advisor of Washington Court of Appeals in China, legal advisor for many financial institutions, securities companies and listed companies at home and abroad, legal advisor of international financial corporations and many listed companies in USA and Hong Kong, member of China Law Society, China International Law Society, China Maritime Law Society and Inter-Pacific Bar Association. Mr. Jin once worked as chief legal advisor of Shenzhen Stock Exchange and director of Listing Regulatory Commission, lawyer in Johnson Stokes & Master and British Law Firm, full-time lawyer of Zhongxin Law Firm, executive partner of Shu Jin Law Firm. As one of the first lawyers in China to obtain accreditation as lawyer, Mr. Jin is mainly engaged in legal affairs in such sectors as finance, securities, investment, intellectual property, real estate, corporation, bankruptcy and litigation and has made outstanding contribution in securities, funds, banking, merger and acquisition. In April 2007, he began to serve as Independent Director.

Mr. Xu Jing'an, independent director. He graduated from Fudan University News Department in 1964 and then worked in Central Marxist-Leninist Research Institute, Central Policy Research Institute, State Planning Commission, Office of Economic Policy Reform under State Council and State System Reform Commission. Mr. Xu served as Vice Director of China Economic System Reform Research Commission in 1985 and Director of Shenzhen Economic Reform Commission and Vice Director of Shenzhen Stock Exchange in 1987. Currently, he serves as Chairman of Xu Jing An Investment Consultants, Chairman and research fellow of Shenzhen New Century Civilization Research Institute. In April 2007, he began to serve as Independent Director.

2. Members of Supervisory Committee

Mr. Lu Shijie, Chief Supervisor. He took the post of Chief Financial Officer in COSCO Pacific Limited in Jan. 2008. Mr. Lu Shijie is a member of Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants, the Chartered Institute of Management Accountants and Certified Management Accountants of Canada. Mr. Lu Shijie is MBA of University of Ottawa and holds bachelor degree in administration in University of York. He once acted as CFO and General Manager in listed company in Hong Kong and American multinational Company, for example, in New World TMT, Wang On Group Limited and Hong Kong Plastics Department of General Electric Company. He has been acting as supervisor of the Company since Jun. 2009.

Ms. Huang Qianru, supervisor. She now serves as Vice General Manager of China Merchants Holdings (International) Co., Ltd., taking charge of the company's financial affairs. She also serves as Independent Non-executive Director in China Gas Holdings Ltd. In 2004, she joined China Merchants Holdings (International) Co., Ltd. Mr. Huang has had an over-15-year experience of working as a top executive in many globally famous investment banks such as Societe Generale, Deutsche Morgan Grenfell, Samuel Montague and Bear Stearns Asia, providing financial consulting and financing services for not less than 50 companies in the Greater China Region and Asia. And Ms. Huang has an MBA degree granted by University of Asia Oriental, Macau. She has been supervisor of the Company since Jun. 2009.

Mr. Feng Wanguang, staff supervisor. Mr. Feng graduated from foundry major in Mechanical Engineering Department of South China University of Technology. Mr. Feng began to work in Shekou Huamei Steelworks in January 1982. Mr. Feng worked in Shekou Industrial District Organization Dept from January 1983 to September 1986. Mr. Feng worked in Hongda Glasses Co., Ltd. as General Manager from September 1986 to January 1987. Mr. Feng worked in China Merchants (Hong Kong) HR Dept and Board Office as Vice General Manager from January 1987 to September 1996. Mr. Feng worked in China Merchants Zhangzhou Development Zone as Vice General Manager and Vice CPC Secretary from September 1996 to April 1999; Vice CPC Secretary in CIMC from April 1999 till now. Mr. Feng began to serve as supervisor in May 2002.

3. Senior managements

Mr. Mai Boliang, director and President, please referred to the above introduction on directors.

Mr. Zhao Qingsheng, Vice President. Mr. Zhao Graduated from Wuhan University of Water Transportation Engineering (Wuhan University of Technology), majoring in marine engineer. He is currently Vice President of the Company. Mr. Zhao joined China Merchant Group in 1983 and served as General Manager of the Enterprise Dept. in China Merchant Group from 1991 to 1995, Deputy General Manager of China Merchants Holdings (International) Co., Ltd. from 1995 to 1999, and Vice Chairman of the Company from 1997 to 1999. He has been Vice President of the Company since 1999.

Mr. Li Ruiting, Vice President. Mr. Li graduated from South China University of Technology with bachelor degree in mechanical manufacturing. He is a senior engineer and is currently the Company's Vice President. Mr. Li began to serve the Company in 1987, and ever took the post of Manager of the Company's Technology Dept. and QC Dept., of Deputy General Manager and General Manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. and of General Manager of Shanghai CIMC Reefer Containers Co., Ltd. Mr. Li has been the Company's Vice President since 1995.

Mr. Wu Fapei, Vice President. Mr. Wu graduated from South China University of Technology with bachelor degree in mechanical manufacturing and master degree in engineering. He used to be teacher and associate professor of School of Business Administration in South China University of Technology and Deputy General Manager of Nanhua Bicycle Ronghui Co., Ltd. in Zhaoqing Guangdong. He joined the Company in 1996 and began to serve as Manager of Information Management Dept in December 1996, Assistant President of CIMC in December 1998 and Secretary to the Board of CIMC in December 1999. He began to serve as Vice President of CIMC in March 2004.

Mr. Li Yinhui, Vice President. Mr. Li obtained bachelor's degree in history from Jilin University, MBA degree from School of Business in Nanjing University, and PHD in economics from Jilin University. He worked in Central Committee of Chinese Communist Youth League in 1991; worked in State Commission of Foreign Trade and Economic Cooperation from May 1993 to March 2003; and in Ministry of Commerce in March 2003. He served as Vice President of CIMC (part-time) from October 2002 to October 2003 and began to his work as Vice President of CIMC in March 2004.

Mr. Liu Xuebin, Vice President. Mr. Liu graduated from Shenzhen University with a bachelor's degree in management. He joined the Company in 1982, and ever worked as Deputy Manager of the Company's Purchasing Dept., Deputy General Manager of Nantong CIMC-SMOOTH SAIL Container Co., Ltd., Deputy General Manager of Container Branch of CIMC Group, and General Manager of Xinhui CIMC Container Co., Ltd. In 1997, he began to serve as General Manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd., and in December 1998, he also took post of the

Assistant President of the CIMC and Chairman of Xinhui CIMC Container Co., Ltd. at the same time. In March 2004, he began to serve as Vice President of CIMC.

Mr. Yu Ya, Vice President of the Company ,Vice Secretary of the Party and General Manager of Public affairs Dept. Mr. Yu graduated from Mechanical Engineering Department of Tianjin Light Industry Vocational Technical College, MBA of Nanjing University. He used to serve as Secretary of Minister、Vice-Director of office department in the Light Industry Dept (later it was China Light Industry Association). Then he served as Deputy General Manager and General Manager of China National Food Industry (Group) Corp., Vice-president of Sinolight Corporation, and Executive Director、Vice-Executive President. Mr. Yu joined the company in August.2007, and served as the Vice secretary of the Party and General Manager of Public affairs Dept. He began to serve as Vice President of CIMC since March 2010.

Mr. Jin Jianlong, General Manager of Financial Dept., a certified accountant. He graduated from
Maanshan Institute of Iron and Steel Technology in July 1985, majoring in accounting. From August 1975 to April 1989, he worked in Hangzhou Iron & Steel Works as Section Chief of the Financial Dept. He joined the Company in 1989, and first worked as Manager of the Financial Management Dept. of CIMC, and then of the Financial Management Dept. of Shenzhen Southern CIMC Containers Manufacture Co., Ltd.. He has been the Company's General Manager of Financial Management since October 2001.

Ms. Zeng Beihua, General Manager of Cash management Dept. Ms. Zhen graduated from Wuhan University, majoring in accounting. Ms. Zhen joined the company in 1989, and ever took the post of the General Manager of Financial Dept.、Deputy General Manager of CIMC Vehicle (Group) Corp., while General Manager of CIMC Vehicle finance lease Corp.、General Manager of CIMC Finance Corp. She served as the General Manager of Cash Dept. of the company since December 2009.

Mr. Yu Yuqun, Secretary to the Board. Mr. Yu obtained bachelor and master's degrees in economics from Beijing University. He once worked in the State Price Control Bureau. He joined the Company in 1992 and first worked as Deputy Manager and then Manager of Financial Affaires Dept., responsible for securities affaires and fund management. He has been Secretary to the Board of the Company since March 2004.

(III) Concurrent positions held by Directors, Supervisors and Senior Managements in organizations other than shareholder's company

Name and title	Organizations for concurrent positions	Relations with the Company (controlling related/non- related)	Title
Li Jianhong/Chairman	China Merchants Group Limited	Non-related	Director and president
	Chairman of China Merchants Energy Shipping Co., Ltd.	Naught	Chairman

	China Merchants Holdings (International) Co., Ltd	Related	Managing Director and Vice Chairman of the Board
Mai Boliang/Director/President	Concurrent positions in 33 controlling subsidiaries such as CIMC Vehicle Group and Shenzhen South CIMC Limited	Controlling subsidiary	Chairman/Director
Wang Hong/Director	China Merchants Group Limited	Non-related	General Manager of Strategy Research Department
	China Merchants Group (Hong Kong) Limited	Non-related	Director
	China Merchants Holdings (International) Limited	Related	Director
	China Merchants Energy Shipping Co., Ltd.	Non-related	Director
Xu Minjie/Director	COSCO Pacific Holding Limited	Related	Vice Chairman of the Board and General Manager to the Board
	COSCO(Hong Kong) Investment Co., Ltd.	Non-related	Director
	Taicang International Containers Co., Ltd.	Non- related	Director
	Concurrent positions in 34 companies subsidiary to COSCO Pacific Limited	Non-related	Chairman
	Concurrent positions in 9 joint controlling and joint operation companies of COSCO Pacific Limited	Non-related	Director/Chairman
	COSCO Pacific Holding Limited	Non-related	Director/Vice Chairman /Chairman
Ding Huiping/Independent Director	Beijing Jiaotong University	Non-related	Professor and doctor tutor of School of Economics and Director of Chinese Enterprise Competitive Power Research Center in Beijing Jiaotong University. He concurrently acts as
	CRBC International Co., Ltd	Non-related	Independent Director
Jin Qingjun/Independent Director	King & Wood Law Firm	Non-related	Senior partner
	Invesco Great Wall Fund Management Company Limited	Non-related	Independent Director
	Shenzhen Syscan Technology Co., Ltd.	Non-related	Independent Director
	China United Travel Co., Ltd.	Non-related	Independent Director
	China University of Politic Science and Law	Non-related	Part-time professor
	School of Law of Tsinghua University	Non-related	Part-time professor
	Shenzhen Arbitration Committee	Non-related	Arbitrator

	China International Economic and Trade Arbitration Commission	Non-related	Arbitrator
Xu Jing'an/Independent Director	Xu Jing An Investment Consultants and	Non-related	Chairman
	Shenzhen New Century Civilization Research Institute	Non-related	Chairman, research fellow
	Shenzhen Nanshan Power Station Co., Ltd.	Non-related	Independent Director
Lv Shijie/Chief Supervisor	COSCO Pacific Limited	Related	CFO
	Concurrent positions in 8 subsidiary companies of COSCO Pacific Limited	Non-related	Director/Chairman
	Concurrent positions in two joint control entities and affiliated companies under COSCO Pacific Limited	Non-related	Director
Huang Qianru/Supervisor	China Merchants Holdings (International) Co., Ltd	Related	Director, Deputy General Manager
Feng Wanguang/Supervisor	CIMC Holdinigs (B.V.I.) Limited	Controlling subsidiary	Director
Zhao Qingsheng/Vice President	Concurrent positions in 48 companies such as Shenzhen South CIMC Limited and Enric Energy Equipment Holdings Limited	Controlling subsidiary	Chairman/Director
Li Ruiting/Vice President	Concurrent positions in 6 controlling subsidiaries such as Shanghai CIMC Reefer Containers Co., Ltd.	Controlling subsidiary	Chairman/Director
Wu Fapei/Vice President	Concurrent positions in 40 controlling subsidiaries such as Shenzhen South CIMC Limited and CIMC Logistic Equipment (Chongqing) Co., Ltd.	Controlling subsidiary	Chairman/Director
Liu Xuebin/Vice President	Concurrent positions in 6 controlling subsidiaries such as Shenzhen South CIMC Limited and CIMC Logistic Equipment (Chongqing) Co., Ltd.	Controlling subsidiary	Chairman/Director
Li Yinhui/Vice President	Concurrent positions in 10 controlling subsidiaries such as CIMC Shenzhen Special Vehicle Co., Ltd. and Dalian CIMC Railway Equipment Co., Ltd.	Controlling subsidiary	Chairman/Director
Yu Ya/ Vice President	Concurrent positions in 9 controlling subsidiaries such as CIMC Raffles Ocean Engineering (Singapore)Co., Ltd.	Controlling subsidiary	Chairman/Director
Jin Jianlong/General Manager of Financial Management	Concurrent positions in 70 controlling subsidiaries such as Shenzhen South CIMC Limited and Enric Energy Equipment Holdings Limited	Controlling subsidiary	Director
Zeng Beihua/ Manager of Capital Management	Concurrent positions in 29 controlling subsidiaries such as Yangzhou CIMC Tonghua	Controlling subsidiary	Director

Department	Special Vehicle Co., Ltd.		
Yu Yuqun /Secretary to the Board	Concurrent positions in 17 controlling subsidaries such as CIMC Raffles Ocean Engineering (Singapore)Co., Ltd., CIMC Enric Energy Equipment Holdings Limiteand Shenzhen CIMC-Tianda Airport Support Co., Ltd.	Controlling subsidiary	Director

(IV) Remuneration for directors, supervisors and senior management

Procedures and basis to determine remuneration for directors, supervisors and senior management:

As stipulated in the Articles of Association, the remuneration for directors and supervisors is determined by shareholders meetings and that for senior management is determined by the Board of Directors. In the reporting period, CIMC senior management get paid in CIMC or subsidiaries.

CIMC has established a complete remuneration system and incentive mechanism. First, we implement annual-salary system for directors, supervisors and senior management who work for and get paid from CIMC. Secondly, CIMC board of directors formulates "CIMC Leading Group Measurement and Management Regulations" at the beginning of each year to implement performance measurement for relevant personnel and determine performance-based incentive amount at the end of each year. Shareholders' meeting authorizes the board of directors to determine the remuneration of chairman and President Mai Boliang in compliance with "CIMC Leading Group Measurement and Management Regulations" and president formulates proposals for performance-based bonus for other senior management subject to approval by Remuneration Council under the board of directors.

Of the 8 directors, Mr. Mai Boliang holds the position as president and gets paid in CIMC and CIMC paid no remuneration to any other directors in the reporting period. Based on approval by the shareholders meeting and board of directors, independent directors Jin Qingjun and Xu Jing'an received RMB 120,000 as subsidy for independent directors in reporting period, Qin Rongsheng and Ding Huiping received RMB 40,000 and RMB 80,000 respectively. Except for this, no other remuneration was paid to directors in the reporting period. As staff supervisor, Mr. Feng Wanguang gets paid in CIMC and no remuneration was paid to other supervisors in the reporting period.

Details on remuneration (before tax) of current directors, supervisors and senior management please see basic information above about the directors, supervisors and senior management.

(V) Changes Directors, Supervisors and Senior Management

Of Independent Directors of the 5th Board of Directors, Qin Rongsheng, Jin Qingjun and Xu Jing'an came to expire on April 2010 that the Board nominated Mr. Ding Huiping, Mr. Jin Qingjun and Mr. Xu Jinag'an as candidates of independent directors for the 6th Board of Directors. As the Shareholders' General Meeting 2009 was convened on 26 Apr. 2010, of which proposal on electing Mr. Ding Huiping, Mr. Jin Qingjun and Mr. Xu

Jinag'an as independent directors of the 6th Board of Directors was approved.

II. About the employees of the Company

(I) Number of employees

By December 31, 2010, the number of employees of the Company is 63,354.

(II) Composition

	Post composition			Education status				
	Manageme nt	Technology	Production workers	Doctor	Master	Bachelor	Junior college	Others
Number	7083	4844	51427	23	497	5064	6281	51489
Proportion (%)	11.2	7.6	81.2	0.0	0.8	8.0	9.9	81.3

The Company does not need to bear expense for retired employees.

Section VI Corporate Governance Structure

I. Corporate governance

In the reporting period, the Company constantly perfected corporate governance and standardized the operation of the Company strictly in accordance with the provisions in such laws and regulations as the Company Law, Code of Corporate Governance for Listed Companies in China, Guideline for Establishing Independent Director System in Listed Companies, Rules for the General Meeting of Shareholders of Listed Companies and Guidelines for the Articles of Association of Listed Companies. Corporate governance was based on the regulators in the rules of procedure of shareholders' general meeting, the Board's meeting and Supervisors' meeting, as well as work rules for president, and through the roles of special committee of the Board, thus assuring the duties performance and responsibility fulfillment of the meetings held by the shareholders, directors and supervisors. Interests of the shareholders and the Company were protected and corporate governance which complied with the requirements of modern enterprise management was initially established.

In accordance with regulations and requirements on corporate governance of listed companies stipulated by CSRC, CSRC Shenzhen Bureau and Shenzhen Stock Exchange, the Company positively and timely completed issues as rectifying and improving of corporate governance, specific check, implement of system required by supervision department. Meanwhile, the Company implemented and revised basic working rules for financial accounting such as Rules on Accounting Management of CIMC, Rules on Management of Internal Incomings and Outgoings of CIMC, Management System for Financing etc..

The Company actively participated in trainings for directors and supervisors of listed companies organized by regulatory ministry. The Company organized all directors, supervisors and senior managements as well as shareholder holding over 5% shares of the Company, strictly obey relevant laws, statutes, regulations and cases to purchase and sell shares of the Company without violating, improved self-discipline and restraint consciousness on relevant action of the above personnel.

As for implement of administrative system on inner information and insider，the Board of the Company and secretary to the Board are in charge of administrative work of inner information, and secretary office of the Board is in charge of daily procedure of registration and record of inner information. The Company strictly in line with regulations and requirements stipulated in system, so as to conduct efficient supervision for inner carry-over and disclosure of inner information. Upon self-examination, there were no particulars about insider took advantages of inner information to purchase and sell shares of the Company before the disclosure of major sensitive information that shall have an impact on the share price of the Company.

In 2010, the Company actively cooperated with the CSRC Shenzhen Bureau to complete the routine inspection work to the Company which maintained a smooth and good communication with supervision department and secretary to the Board has received praise from CSRC Shenzhen Bureau for the Company has done a good job in actively promoting regular development of listed companies. In accordance with the assemble disposition and requirement of CSRC Shenzhen Bureau, the Company accomplished summary and report of documents on investigation of basic work of financial accounting standard in accordance with general allocation and requirement of CSRC Shenzhen Bureau and submission of inspection documents on basic financial accounting work of listed companies which further improvement and standardization of basic financial accounting work.

II. Performance of the Independent Directors

(I) Particulars about the independent directors attending the Board meetings:

Name of Independent Directors	Due presence (times)	Presence in person (times)	Entrusted presence (times)	Absence (times)
Qin Rongsheng	5	5	0	None
Ding Huiping	8	8	0	None
Jin Qingjun	13	13	0	None
Xu Jing’an	13	11	2	None

(II) Duty performance

In compliance with requirements of regulatory documents as Guideline for Establishing Independent Director System in Listed Companies, the Articles of Association and Work Details for Independent Directors, the Independent Director, being reasonably cautious, diligently performed their duty to protect the overall interests of the Company, especially legal interests of the minority shareholders. They attended the Board’s meetings on time, reviewed carefully documents of the meetings and actively carried out investigation and inspected subsidiaries of the Company to gather information needed for the decision-making and gave clear opinions on the affairs discussed. They also paid special attention to the auditor’s report and reports of the Company by public media, kept themselves informed of the Company’s operation and management status, and significant events happened or contingent and their influence. They reported to the Board the problems existing in the operation of the Company and submitted annual duty report to the Shareholders’ General Meeting of the Company.

In the reporting period, the Independent Directors carefully deliberated the significant events which required their independent opinions and submitted opinion letters in writing.

The significant events included:

1 Specific statement and independent opinion on external guarantee in 2009;

2 Special opinion on particulars of derivatives investment and risk control in 2009;

3 Independent opinion on re-electing of Board of Directors and engagement of senior management;

4 Independent opinion on remuneration of directors and senior management of the Company;

5 Independent opinion on Self-appraisal Report on Internal Control of CIMC 2009;

6 Independent opinion on engagement of senior management;

7 Specific statement and independent opinion from independent directors on relevant events of the first half of 2010;

8 Independent opinion on Stock Option Incentive Plan (Draft) of CIMC (Revised);
9 Independent opinion on relevant events concerning granting stock option in stock option incentive plan.

(III) Independent role of Independent Directors in the Annual Report
Strictly in accordance with the requirements stipulated in Public Notice on Preparation of Annual Report 2010 and Relevant Work by CSRC, the Independent Directors diligently perform their duties as independent directors when preparing the Annual Report 2010.

1 Independent Directors heard the report on the operational condition 2010 by the management staff in ways such as meeting of the Board. Independent Directors inspected subsidiaries Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. and CIMC Shenzhen Special Vehicle Co., Ltd., and listened to report on annual operational condition 2010 by the General Manager respectively.
2 Independent Directors communicated thoroughly with Klynveld Peat Marwick Goerdeler Co., Ltd. (hereinafter refer to as "KPMG") on personnel of auditing team, the auditing plan, risk evaluation, test of fraud and its evaluation method as well as the important point of the auditing work 2010, and the two parties reached agreement on these items. Independent Directors examined and approved the Arrangement of the Company's Auditing Work 2010.
3 Independent Directors heard the report on the concluding stage in the period-end by KPMG;
4 Independent Directors communicated with KPMG on the preliminary examination opinions on the Auditor's Report, and agreed on the preliminary examination opinions that KPMG had issued audit report without reservations.
5 Independent Directors carefully deliberated the holding procedure and the documents required for the 3rd Session of the 6th Board of Directs held on March 21, 2010 for deliberating the annual report. They believed that the notice on the convening and procedures of the Board's meeting for deliberating the annual report were in compliance with requirements of relevant rules and regulations; and that the annual report, auditor's report, financial statement and other documents on the resolutions to be discussed were complete and in compliance with the requirements of relevant rules and regulations.

III. The Company was separated from the controlling shareholder in business, personnel, assets, organization and financing
Majority shareholders for CIMC include China Merchants (CIMC) Investment Limited and COSCO Container Industries Limited. CIMC was separated from the controlling shareholder in business, personnel, assets, organization and financing as well as independent accounting and independent bearing of liabilities and risks.

(I) In aspect of personnel: The Company was independent and complete in labor, personnel and salary management and absolutely independent from the majority shareholders. All senior managements received remuneration in the listed Company and none of them holds a double position in the controlling shareholders entities.

(II) In aspect of assets: The Company's assets were complete, and there was the clear property right relationship between the Company and the controlling shareholder. The Company owns an independent management of the assets and there exist no such things as the majority shareholders possessed or controlled the assets or intervened in the operation management of the asset of the listed company.

(III) In aspect of financing: The Company owned independent financial department, established independent accounting system and financial management system, opened independent bank account, paid tax in line with laws independently.

(IV) In aspect of organization: The Company's Board of Directors, Supervisory Committee and other internal organizations are complete and operate independently. Shareholders exercised their rights according to the law and bear relevant liabilities and did not intervene in the operation activities of the Company directly or indirectly beyond the shareholders' general meeting.

(V) In aspect of business: The Company's systems of production, purchase, auxiliary production and sales are completely independent. Intangible assets as industrial property right, trademarks and other non-patent technology were independently owned by the Company. There existed no such thing as the Company and the subsidiaries produced and sell the same product and there was no direct or indirect competition in business between the two.

IV. Establishment and improvement of the internal control system

(I) General situation

CIMC has established a series of procedures and systems for the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee to exercise their decision-making power, executing power and supervisory power. In addition, the Board of Directors has established three special committees for audit, remuneration & measurement and strategy respectively. These special committees perform their roles to discuss and decide on significant affairs of the Company in compliance with relevant working rules.

The Board of Directors supervises the establishment, improvement and implementation of the internal control system via the Audit Committee. The Audit Committee assists in formulating and reviewing the internal control system and reviews and supervises significant affiliated transactions. The Supervisory Committee reviews internal control status and provides audit proposals.

In terms of corporate governance and internal control, the Audit & Supervision Department assists the Board of Directors to recognize and evaluate material risks and assists the group the to improve its risk management and internal control system; assists the effective internal control system through evaluating the efficiency and effect of internal control and promoting its constant improvement; Implement duties of examination and evaluation, consultation and service and report the auditing work of internal control periodically to the Board's audit committee, supervisory committee and operation staff of the group.

In strict compliance with the Company Law, the Code of Corporate Governance for Listed Companies, the Guiding Opinion on Establishing Independent Director System in Listed Companies, the Stock Listing Rules of Shenzhen Stock Exchange, the Guidelines for Fair Information Disclosure of Listed Companies, the Guidelines of Shenzhen Stock Exchange for Internal Control of Listed Companies, the Several Provisions on Strengthening Protection of Rights and Interests of Public Shareholders, the Decisions on Amending Some Provisions on Cash Dividends by Listed Companies, the Regulations on Takeover of Listed Companies, the Guidelines of Shenzhen Stock Exchange for Management over Listed Company's Shares Held by Its Directors, Supervisors and Senior Executives and Changes thereof, and other relevant laws and regulations by the central government, CSRC and other authorities, the Company continued to improve its corporate governance and standardized its operation. The Company has established and exercised effective internal control in all material respects. Meanwhile, through continuous improvement, the Company has formed a sound and effective internal control system, covering rules and methods for production and operation, purchase, selling and distribution, investment, financial affairs and information disclosure. These rules and methods have composed the Company's internal control system.

After two years of efforts, the Company has set up internal control systems for its 65 wholly-owned or controlling subsidiaries, of which 28 have received an internal control re-examination from the Company. By carrying forward the comprehensive budget management and the accountability and authorization mechanism, as well as formulating preventive methods in the Group's level concerning significant purchases and takeovers and other processes and mechanisms, the overall governance environment of the Group has been greatly improved. In addition, the various rules have become more systematic and more new rules have been formulated. All relevant departments including the audit and information departments, the purchase department and the HR department have been working closely together to strengthen control of various risks and follow up problems found in the internal examination of internal control until they are addressed.

In 2010, the Company put further efforts in integrating its rules into a consistent system and relevant management. It held special meetings and appointed specialized functional organs to prescribe the establishing, improving and issuing processes for rules, as well as to examine, revise and terminate the Company's internal operation rules and basic management rules. By continuously improving various management rules, the Company tried to standardize its internal business processes and management so as to control risks arising from the course of its operation. Upon its efforts in integrating its rules into a consistent system, the Company also proactively upgraded its internal control to meet requirements of the Implementation Guidelines for Enterprise Internal Control issued by the Ministry of Finance and other four government authorities in Apr. 2010. As a result, the Company has not been recognized by CSRC as one of the first 26 key pilot enterprises on the main board of the Shenzhen Stock Exchange for the implementation of the Implementation Guidelines for Enterprise Internal Control.

(II) Pending issues concerning corporate governance and rectification plan
From Oct. to Dec. 2010, the Shenzhen CSRC Bureau carried out an on-site examination in the Company and stated their concerns, which mainly related to some operation details of the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee, the formulation and execution of some internal control rules, some details of information disclosure, and the operation and execution of financial management and accounting.

The Company has given its explanations to the Shenzhen CSRC Bureau concerning the aforesaid issues. At the same time, it has formulated some preliminary rectification measures. It will further disclose and adopt rectification measures when the Bureau issues its formal conclusion opinion.

(III) Establishment and execution of the Company's internal control rules for financial reports
The financial management system of the Company is sound and effectively executed. The system is divided into four grades, i.e. rules, provisions, methods and specific rules (signed and issued by the President) and guidelines (signed and issued by department chiefs), covering management over accounting, funds, budgets, payments, internal transactions and events, etc..

The Company has established unified accounting policies for the Group. As for subsidiaries abroad which adopt IFRS for accounting, they are brought under the Group's unified accounting policies in the consolidation. In this way, it can be ensured that all entities consolidated are accounted for under the same accounting policies. If a change of key accounting policies is required or needed, approval from the Board of Directors must be obtained. And change of ordinary accounting policies must be approved by the top management.

Any change of the accounting estimates must be approved by the management. Despite the fact that there are no specific rules for fair value, the recognition methods for fair value must be approved by the Board of Directors.

Correction of material accounting errors shall be approved by the management. And there have been no such events in the past three years.

As for asset impairment tests, the Company has explicit stipulations for the process and approval of asset impairment recognition, which the Company has been strictly abided by. Besides, checks and re-checks are carried out on a frequent basis.

In Mar. 2010, pursuant to the requirements of the Shenzhen CSRC Bureau, the Company established the Accountability Mechanism of CIMC for Material Errors in Annual Report Preparation and Disclosure and the Financial Principal Mechanism of CIMC, which were reviewed and approved at the Eighth Session of the Sixth Board of Directors for 2010 held on 1 Dec. 2010.

No material defects had been found concerning the Company's internal control on financial reports by the end of 2010.

(IV) Self-examination and rectification for the special campaign for basic accounting activities

In Apr. 2010, the Shenzhen CSRC Bureau issued the Notice on Special Campaign for thoroughly Regulating Basic Accounting Activities in Shenzhen. In accordance with the Notice, the Company carried out a special campaign for standardizing basic accounting activities within the Group, on which the Audit Committee gave its instructions and carried out necessary examinations. A special task team for the special campaign was set up, with President Mr. Mai Boliang as the team leader and Financial GM Mr. Jin Jianlong as the executive deputy leader, including financial principals and other financial personnel from all subsidiaries. The special campaign was divided into two phases—the self-examination phase and the rectification phase, stretching over six months and covering the over 100 subsidiaries registered in China Mainland.

The special campaign was carried out at three steps, i.e. self-examination, rectification and re-check. The Financial Management Department of the Group appointed specialized personnel to collect self-examination reports from subsidiaries and followed up their examination progress as a way to ensure that the self-examination was complete and timely. In addition, specialized personnel were also appointed to summarize the self-examination activities and produce a general report on the self-examination results of the Group. All subsidiaries were required to produce a rectification report on problems found in the course of the special campaign, addressed the problems in a timely manner. As for pending rectification matters, they were assigned to specific personnel. And the subsidiaries were required to formulate relevant rectification measures and finish the required rectifications in a given period. On 30 Jun. 2010, the Rectification Report on Special Campaign for Standardizing Basic Accounting Activities was reviewed and approved at the Second Session of the Sixth Board of Directors of the Company for 2010.

(V) Horizontal competition and related-party transactions

Horizontal competition arises between the Company and the subsidiary of China Merchants Group (the controlling shareholder of the Company's first majority shareholder). One of the Group's four core businesses—the offshore engineering business—is partially the same with or similar to the business of the said subsidiary of China Merchants Group, and horizontal competition to some degree has thus formed. The said subsidiary of China Merchants Group commenced and developed its offshore engineering equipment business earlier than the Company. Later, the Company also gained the opportunity to acquire an offshore engineering enterprise—Yantai Raffles. As a result, the horizontal competition was unavoidable due to objective circumstances. Despite the fact that China Merchants Group does not hold shares of the Company directly, the Company will still communicate with its first majority shareholder in terms of the emphasis points and target markets of the Company's offshore engineering business, so as to avoid direct competition.

Product selling and purchasing activities in the container business arise between the Company and a subsidiary of China Ocean Shipping (Group) Company—the Company's majority shareholder. For more details, see the part of related-party transactions in the notes to the financial statements for the year.

V. Senior management performance evaluation, motivating and restraining mechanism

CIMC has established a set of performance measurement, motivating and restraining mechanism under which the remuneration for senior management is connected with corporate performance and personal performance.

To ensure standard, healthy and sustainable development for CIMC, attract talented people, maintain the stability of the senior management team and safeguard the interests of all shareholders, CIMC formulated "CIMC Leading Group Measurement and Management Regulations" based on medium and long-term strategic targets. Based on this, CIMC formulates measurement targets at year beginning and determines total remuneration at year end according to the accomplishment of various targets. The shareholders' meeting authorizes the board of directors to determine the remuneration for director and President Mr. Mai Boliang in compliance with "CIMC Leading Group Measurement and Management Regulations". For remuneration of other senior management personnel, president formulates proposals and submits them to Remuneration Council under the board of directors for approval.

In Sept. 2010, the Stock Incentive Drafted Plan of China International Marine Containers (Group) Co., Ltd. (Revised) was reviewed and approved at the First Special Shareholders' General Meeting for 2010. Implementation of stock incentive plan will be good for: establishment share and restraining system on interest among shareholders, management team and backbone; management team will balance short-term goal and long-term goal better; attract and keep excellent administrative talent and backbone of business; durative creation of incentive value will assure long-term stable healthy development and strengthen competitive power of the Company.

Section VII The Shareholders' General Meeting

Ⅰ. Annual shareholders' general meeting

The Company convened the 2009 Annual Shareholders' General Meeting in Shenzhen on 26 Apr. 2010.

The public notice on the resolutions made at the meeting was published on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao (HK) dated 27 Apr. 2010.

Ⅱ. Special shareholders' general meetings

The First Special Shareholders' General Meeting for 2010 was convened in Shenzhen on 17 Sept. 2010.

The public notice on the resolutions made at the meeting was published on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao (HK) dated 18 Sept. 2010.

The Second Special Shareholders' General Meeting for 2010 was convened in Shenzhen on 15 Nov. 2010.

The public notice on the resolutions made at the meeting was published on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao (HK) dated 16 Nov. 2010.

Section VIII Report of the Board of Directors

I. Management discussion and analysis

(I)Environment change of industry and influence thereof

After a heavy slump, the global economy recovered gradually in 2010. Consumer confidence for all major markets resumed to some degree. As a result, the global economy and trade picked up rapidly and main economies around the world were ready to grow again. Emerging economies served as the main driving force for the global economic growth and main developed economies were also in the recovery.

In 2010, China's export volume increased significantly by 31.30% on a year-on-year basis, with the container throughput in ports reaching 145 million TEUs, an increase of 18.85% as compared to 2009. Also, market demand for inland logistic service and energy and chemicals rebounded greatly. According to statistics from the US Energy Information Administration, in 2010, the global oil demand per day grew 1.3%. The rising oil demand from developing countries pushed up the global oil demand in 2010. In the year, due to combined effects from growing demand, better economic data, the depreciation of US dollars and other factors, oil prices were on the rise with fluctuations.

The container sector: In 2010, the V-shape rebound of the global economy boosted the rapid recovery of the container trade and shipping. As a result, demand for containers was strong. Shipping companies' continuous increases of their capacity to meet the strong demand, together with the container renewal demand accumulated over the past more than one year, resulted in a considerable increase in container purchases. Meanwhile, in order to cushion the cost pressure caused by the financial crisis, most shipping companies lowered speeds of their ships, which reduced the turnover efficiency of containers. In the first six months of the year, container makers could not give full play to their production capacity in a timely way due to the labor force shortage. In addition, shipping companies and container leasing companies encountered an inadequate stock of containers. All those factors exacerbated the container shortage and beefed up demand for containers at the same time. In the first half of 2010, all major container makers gradually put into use their idle capacity, but the capacity resumption speed for the sector as a whole was still slow for such reasons as shortage in labor force, a limited supply of raw materials and the scheduling problem. In the second half of the year, supply and demand in the container market basically achieved a balance. It was estimated that, in 2010, over 2.8 million TEUs of containers were produced, of which the dry-cargo containers were over 2.5 million TEUs, representing a sharp increase of 250% year on year; the reefer containers were about 0.184 million TEUs, up 93.68% as compared to 2009; and the special containers (including those for particular regions) were 0.116 million TEUs, also representing a significant year-on-year growth.

The strong and rapid rebound of demand pushed up prices for dry-cargo containers and the profitability in the sector. For the first half, the price for a TEU was between USD 1,800 to 2,300 and rose to a range between USD 2,400 to 2,700 in the second half.

Spurred by the active container trading, the storage, repair, lease and forwarding services for containers also maintained strong growth. Meanwhile, as a new business model, the modulized building and container house business was more and more welcomed in markets.

The road transportation vehicle sector: In 2010, China's special vehicle markets grew enormously. Combined demand for seven types of special vehicles reached 0.7 million units, up significantly by 56%. In the year, the government continued to carry out a positive fiscal policy and increase its input for infrastructure. As such, real estate investments were greatly encouraged, which resulted in a strong demand for vehicles for infrastructure. In 2010, China's new commercial houses increased 41% in construction area as compared to 2009. A wild surge appeared in domestic demand for concrete vehicles, with the relevant sales up 123% on a year-on-year basis. At the same time, China's automobile policies also contributed to the demand growth of special vehicles. The fuel tax and the reform to transform administrative fees into taxes reduced the idle cost of vehicles. The policy "to charge by weight" accelerated vehicle renewal. And with laxer lending standards for special vehicle purchases, individual consumers with limited funds were more interested in buying vehicles.

2010 witnessed a strong growth of 35% in China's import and export, which directly boosted recovery of demand for container transportation in ports. As a result, domestic demand for semi-trailers for container transportation in 2010 rose significantly by 82% as compared to 2009.

Thanks to China's launch of many large infrastructure projects, economy revitalizing plans by many local governments, and favorable policies such as "new cars for old", heavy truck markets also showed an explosive surge in 2010. In the year, a total of 1.017 million units of heavy trucks were sold in Chinese markets, representing a considerable increase of 59.9% over 2009. In 2010, the government continued to raise emission standards for commercial vehicles. As compulsorily required by the government, the National Emission Standard Ⅳ will commence the pilot and then the full implementation phase after 2010. Since 1 Jan. 2010, the pattern check for heavy trucks made under the National Emission Standard Ⅲ has been stopped. And sale and registration of those trucks have also been stopped since 1 Jan. 2011. Meanwhile, in 2010, the Ministry of Transport promulgated the Fuel Consumption Limits and Measuring Methods for Operating Vehicles for Passengers and Cargoes; the Ministry of Industry and Information Technology promulgated an exposure draft for the Measuring Methods for Fuel Consumption of Medium and Heavy Commercial Vehicles; and opinions are now being solicited from relevant ministries and departments of the central government on the Plan for Developing Energy-Saving and New Energy Vehicles (2011 to 2020). These new policies and the National Emission Standard Ⅳ, through competition and reshuffle in the sector, will wash out vehicles with high oil consumption and poor economic efficiency and guide the sector towards low carbon and environmental protection.

The equipments and services for energy, chemicals and food: Natural gas markets are expected to enjoy a bright future. According to estimates from BP, natural gas will become the fossil fuel with the fastest growth in consumption by 2030. And China will take up half of the consumption growth in the Asia-Pacific region, with its growth rate estimated at 7.6% per year.

China plans to increase the weight of natural gas in its energy utilization mix from the present 4% to 9% by 2015 and 15% by 2020. According to the government's development plan for the new energy sector, natural gas consumption is set to triple to 260 billion cubic meters by 2015, equal to a compound annual growth rate of 18.8%. And natural gas investments for the period from 2011 to 2020 are expected to reach 1 trillion in RMB, most of which will go to the natural gas infrastructure including tubes, LNG receiving stations and LNG plants. Along with the implementation of the West-East Natural Gas Transmission Project, the Sea-Land Natural Gas Transmission Project, the Sichuan-East China Natural Gas Transmission Project, the Russia-China Natural Gas Transmission Project and other projects in the coming years, the growth in consumption of natural gas will be faster than that of coal and oil. Quite a few LNG receiving stations and plants are currently in the stage of planning or construction. Thanks to the increasing supply of natural gas, as well as the huge investments in natural gas infrastructure, huge demand for natural gas storage and transport equipments is created. Various storage and transport equipments are needed along the supply chain of natural gas, for example, LNG satellite storage stations, LNG steaming stations, LNG trailers, tank trucks, tanks and CNG high-pressure cylinders. In the coming years, application of natural gas in the downstream will also speed up, i.e. to develop transport vehicles using natural gas, particularly taxies and buses. For the period from 2003 to 2009, vehicles using natural gas in China quintupled to nearly 450,000 units and were expected to rise to 1,500,000 units by 2015 and 3,000,000 units by 2020. By the end of 2010, China had nearly 1,000 gas stations, which showed the rapid increase of vehicles using natural gas in China and the urgent needs for gas station equipments.

In 2010, the global economy walked out of the slump, with the global chemical production index rising by 23.5% at the end of the year as compared to that in Mar. 2009 when the global economy started to bottom out. Chemical and relevant companies around the world proactively expanded their bases and business in emerging markets, particularly China. The average annual growth for 2011 and 2012 is expected to reach about 8% in the chemical sectors of emerging countries. In addition, in view of the plan promulgated in 2009 by the Chinese government for stimulating domestic consumption and revitalizing various sectors, huge investments will go to chemical infrastructure in the next few years. Therefore, the chemical sector of China is expected to maintain a high growth rate.

Hit by the global financial crisis and market saturation, growth of the liquefied food sectors in developed countries has slowed down in recent years. However, the liquefied food sectors in such developing counties as China and India is growing rapidly due to their strong economic growth, rising consumption and accelerated urbanization. It is expected that in the coming five years, the total output of liquefied food in China will grow by 12% to 15% per year. And development of the liquefied food sector will surely boost development of the sector of transport, storage and processing equipments for liquefied food.

The offshore engineering equipment sector: Along with recovery of the global economy, crude oil prices rose significantly and global offshore engineering markets were also picking up. New inquiries and orders appeared in the fourth quarter of 2010. The rise of oil prices significantly boosted offshore engineering investments. Meanwhile, in the long run, the International Energy Agency has increased its estimate of the global energy demand to rise at an average annual rate of 1.5% for the period from 2009 to 2030. It is expected that by 2030, oil will still be the dominant energy for consumption. Oil fields onshore and in the shallow sea which are easy to be exploited are drying and it becomes more and more difficult to exploit oil fields onshore, which means that the actual exploitable oil is decreasing. As such, the gap in the future oil demand can only be filled by oil and gas resources offshore, particularly those in deep sea. In view of energy safety and building up more energy reserves, it has become an important energy strategy for sovereign countries around the world to enhance exploitation of offshore and deep-sea oil and gas fields. Recovery of the global energy demand, together with stable and high oil prices, contribute to investment growth in the global sector of offshore engineering equipments. Due to the fact that it usually takes a comparatively long time to produce a drilling platform, the delivery peak of drilling platforms often appear one or two years after an oil price peak.

The annual investments about USD 30 million in offshore oil and gas exploitation from global markets, as well as the investments above RMB 30 million in that from China during the period of the Twelfth Five-Year Plan for National Economic and Social Development, create huge growth space for the global offshore engineering markets. To develop the offshore engineering sector is a move with rising importance, which can ensure a country's energy safety and boost its economy significantly. The offshore engineering industry has been labeled as a strategic emerging industry in China's Twelfth Five-Year Plan for National Economic and Social Development. And the Chinese government will promulgate a series of relevant policies to support the rapid and healthy development of its offshore engineering industry.

A brief analysis to the influence of changes in macro-policies and the sector on the Company's finance is set out below:

In 2010, the global economy gradually recovered. All businesses of the Group, particularly the container business, showed significant growth. The Company adjusted its operation strategies in a timely manner and adopted proactive and effective measures so as to maintain a healthy status on its financial position, investments and acquisitions, capital management and other activities. Capital turnover and the cash collection ability of the Company both improved as compared to 2009. Thanks to production recovery, sale acceleration and operating scale expansion, as at 31 Dec. 2010, the total assets of the Company stood at RMB 54.131 billion, up 44.90% as compared to 2009; total liabilities at RMB 34.924 billion, up 62.20% on a year-on-year basis; and net cash flows from operating activities at RMB 1.483 billion, representing a significant increase over 2009. Raw materials such as steel purchased in 2008 as reserves was fully utilized in 2010 and the corresponding inventory falling price reserves withdrawn was written back in the first quarter of 2010.

With good liquidity at home and abroad in 2010, the Company maintained a rational liability structure and strengthened its efforts in preventing financial risks. Among the liability structure, short and long-term borrowings from external parties took up a smaller proportion in the total liabilities. Short-term liabilities were increased moderately, which led to an increase of the percentage of short-term loans on interest. Maintaining communication and cooperation with major banks, the Group contained to gain support from those banks. In Feb. 2010, CIMC Finance Co., Ltd. officially commenced business, which would help the Group plan and manage its capital and increase the operating capital efficiency and risk control.

In 2010, the global financial market encountered a liquidity glut, as well as uncertainties from inflation and the foreign exchange market. China's monetary policy was shifted from being moderately loose to being prudent. In view of the circumstances above, the Company carried out a prudent strategy on risk control, which effectively controlled risks and safeguarded capital safety. At the same time, based on its business development, the Company also used the leasing business, financial products and foreign exchange instruments in a rational and flexibly way.

(Ⅱ) Business Review

1. General Performance

For 2010, the Company achieved revenue of RMB 51.768 billion (RMB 20.476 billion for 2009), representing a sharp increase of 152.82% over 2009; net profits attributable to the Company's shareholders reaching RMB 3.002 billion (RMB 959 million for 2009), a surge of 213.03% on a year-on-year basis. Both of the revenue and profits represented the best records in the history of the Group.

Movements in Financial Highlights

Unit: RMB'000

Items	2010	2009	Change（%）
Revenue	51,768,316	20,475,507	152.82%
Total profits	3,674,607	1,465,385	150.76%
Net profits attributable to the Company's shareholders	3,001,851	958,967	213.03%

Notes:

In 2009, affected by the global financial crisis, the dry cargo container business of the Company was basically in a halt, which led to a great loss. Starting from the fourth quarter of 2009, the demand for dry cargo containers grew again and the production resumed in plants due to recovery of the global economy and the shipping sector. In 2010, sales of dry cargo containers jumped significantly with sufficient orders and rising prices and profitability from the second quarter of the year.
As a result, revenue, total profits and net profits attributable to the Company's shareholders all experienced a huge surge.

2. Business bases, products, services and capacities

The Company, together with its subsidiaries (jointly referred to as the Group hereinafter) was mainly engaged in manufacture and services in relation of modern traffic transportation equipments, energy, food, chemical and offshore engineering equipments. In particular, these equipments were mainly involved in design, manufacture and service for dry cargo containers meeting international standards, refrigeration containers, regional special containers, tank containers, container wood floor, modulized housing containers, road tank transportation autos, gas equipments and static storage tank, road transportation vehicles as well as offshore engineering equipments. Other than the above, the Group was also engaged in manufacture and service of logistic equipments, manufacture of airport equipments and oceanic engineering and freight train, and properties development. The Group has been trying to make each of its businesses to cover the whole life cycles of products and provide best-quality and safe products and services for its clients.

Container business: The Group remained No.1 in the world by its quantity of production and sales, and was able to produce the entire series of container products with self-owned intellectual property. Included in its products and services were ISO dry cargo containers, special refrigeration containers, other various special containers, pallet containers and modulized housing containers, as well as container wood floor and container service. It has already equipped with annual production capacity of over 2.0 million TEU; 18 industrial parks for container manufacturing in South China, East China, North China, Chongqing and other regions of China, including over 10 dry-cargo container bases located in the coastal region and Chongqing in China; refrigeration container manufacture bases located in Shanghai, Yangzhou and Qingdao; special container manufacture bases located in Nantong, Yangzhou, Xinhui and Qingdao. As for container wood floor business, certain domestic production bases were respectively located in Shenzhen, Jiangmen, Xuzhou and Jiashan; as for container demurrage business, the Group has already owned many container service enterprises, forming a service network covering the main line ports of the coast of China.

The Group works deeply on the container business, which covers the whole life cycle of container products.

Road transportation vehicles business: capable to provide a product range covering 11 series and more than 1,000 varieties, including container skeleton semi trailer, platform car, rack wagon, tank truck, self-discharging wagon, refrigeration van, normal cabin vehicle, curtain-side vehicle, mixer, pump vehicle, car carrier, fire fighting truck and rubbish disposal vehicle, etc. The annual capacity exceeded 200,000 units, ranking the No. 1 position both in the world and China. The Group now has 22 production bases and 24 companies for selling and distribution services, covering North America, Thailand, Central China, East China, South China, North China, Northwest China, Northeast China and other regions, as well as more than 400 service stations. As such, a business layout featuring interactions between China and the US and between China and the Europe, rationality and mutual support has taken shape, with the Group's products sold to mainstream markets such as the US and Japan.

Energy, chemical, food equipment and service business: major products and services included: static storage tank, tank transportation equipment, craftwork procedure equipment, engineering undertaking technology service.

Specific products include:
(1) Static storage tank: low-temperature fixed storage tank for LNG and industrial gas, stainless storage tank for liquid food and chemical storage tank, etc;
(2) Tank transportation equipment: international standard/special liquid tank container and gas tank container; LPG tank transportation vehicle, low temperature tank transportation vehicle for LNG and industrial gas; CNG wrecker, and CNG pressure container in high-pressured bottle;
(3) Craftwork procedure equipment: ferment tank for food and beverage, bright beer tank; chemical reactor, tower facility, heat exchanger, and air vaporizer, etc;
(4)Engineering contract technology service: overall contract engineering regarding to processing and allocation of liquid foods (bear and juices), LNG city peak-regulation satellite station, LNG gasification station, LNG filling station, bottles of LNG supply station, and LNG car system reform and various LNG and industrial gas application projects; CNG and LNG filling systems, natural gas compressor and special compressors; provision of EP+CS (design, purchase, construct and supervision) technology engineering services in fields of storage and disposal regarding to LNG receivers, LPG and other petroleum chemical gas.

At present, in terms of the energy, chemical and food equipment business, the Group owns 15 manufacturing bases and R&D centers in China, Europe and other regions, giving rise to a business layout featuring interactions between China and Europe, rationality and mutual support.

Major enterprises of which CIMC was the controlling shareholder consisted of CIMC Enric Holdings Limited and TGE GAS ENGINEERING GmbH. TGE GAS ENGINEERING GmbH was a German independent contractor which had 25 years engineering contract experiences regarding to low-temperature liquefied gas reserve station. Business bases of Enric were mainly distributed in Langfang, Shijiazhuang, Bangbu, Jingmen, Beijing, Nantong, and Zhangjiagang in China, and Holland, Belgium and Denmark in Europe. Nantong

CIMC Tank Equipment Co., Ltd. has already become the tank container manufacturer of the world with the largest scale and the most diversified products.

Offshore engineering equipment business: Manufacturing bases of the Group for offshore engineering equipments are located in Yantai, Haiyang and Longkou, Shandong province. In January 2010, the Company realized shareholding in CIMC Raffles Offshore (Singapore) Limited which was incorporated in Singapore in 1994 with principal business of constructing various ships for offshore petroleum and natural gas market, which equipped the company with accumulated professional knowledge and construction experiences in respect of diversified oceanic and offshore projects. Its main products included jack-up drilling platform, semi-submersible drilling platform, crane ship, pipe-laying vessel, floating production storage and offloading (FPSO), floating storage and offloading (FSO), offshore supply vessel, offshore steel structure, shuttle propelled tugboat and luxury pleasure-boat, etc.. In 2010, the Group established Shanghai CIMC Offshore Engineering Research Center, Yantai Offshore Engineering Research Institute and the National R&D Center for Offshore Oil Drilling Platforms, which improved the Group's research and design capacity in terms of high-end manufacturing and made the Group a key member in the offshore engineering sector.

The manufacture base of airport equipments was located in Shenzhen, with main businesses in respect of development, design, manufacture, installment and repair services for passenger boarding bridge, boarding bridge for liner, guiding system for aircraft parking, flight special vehicles, flight goods disposal system, automatic storage and logistic system, as well as automatic parking system. Shenzhen CIMC-TianDa Airport Support Co., Ltd. (hereinafter referred to as "CIMC Tianda"), a subsidiary of the Group, was one of the major airport ground equipments suppliers of the world.

Other business: the manufacture bases of logistics equipments were located in Dalian and Tianjin; the manufacture base of railway equipments was located in Dalian; the financial leasing business was mainly in Shenzhen; and business of property development was mainly in Shanghai, Yangzhou and Jiangmen, Guangdong province.

3. Operation of principal businesses of the Company

Products whose contribution to principal business income or principal business profit of the Group exceeded 10% mainly referred to containers and road transportation vehicles.

Breakdown and Movements of Revenue and Operating Profits

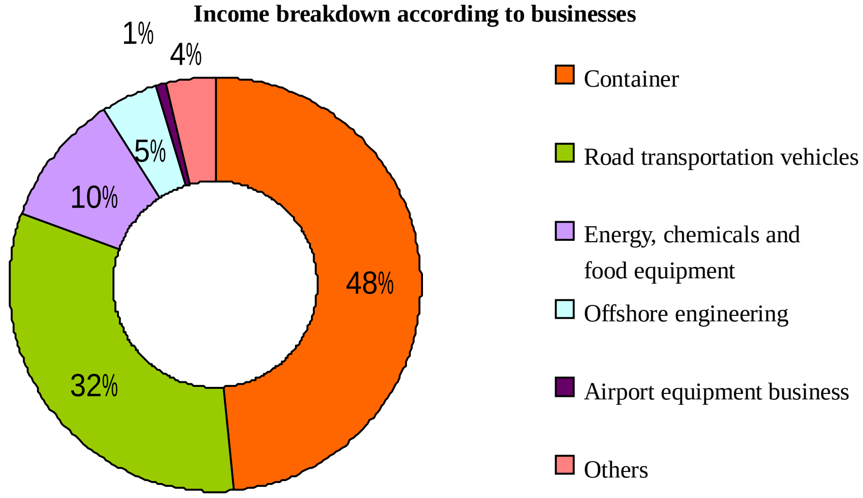
Unit: RMB 0'000

Classified according to industries or products	Revenue	Operating cost	Operating profit margin (%)	Increase or decrease of revenue over last year（%）	Increase or decrease of operating cost over last year（%）	Increase or decrease of operating profit margin over last year

						（%）
Containers	2,543,997	2,048,549	19.48	356.44	330.15	4.93
Road transportation vehicles	1,663,155	1,425,306	14.30	51.02	49.50	0.87
Energy, chemicals and liquefied food equipments	535,080	441,050	17.57	48.62	48.16	0.25
Offshore engineering	244,403	324,641	-32.83	-	-	
Airport equipments	34,261	24,295	29.09	-35.51	-29.74	-5.82
Others	205,827	118,790	42.06	428.68	296.47	19.25
Offset due to consolidation	-49,892	-22,849				
Total	5,176,831	4,359,782	15.78	152.83	150.54	0.77

Classified according to regions	Operating income	Proportion taken in total incomes (%)	YoY movements in income (%)
China	1,923,466	37.16	60.86
Asia	421,706	8.15	160.63
America	1,580,208	30.52	573.68
Europe	1,161,646	22.44	245.98
Others	89,805	1.73	-5.01
Total	5,176,831	100.00	155.98

Income breakdown according to businesses



——**Business of container manufacturing and service**

Being the matured principal business of the Group, container business witnessed strong recovery in the market in 2010 after gonging through the global financial crisis and historic industrial downturn. By timely adjusting operating strategies, quickly responding to and overcoming numerous difficulties, such as labor shortage and higher labor mobility, the Company successfully seized market opportunities in the industry and created record-breaking business performance. In 2010, a sales income of RMB 25.440 billion from container business was realized, with 356.40% up on a year-on-year comparison, among which, sale income of RMB 19.552 billion was realized by dry cargo container, with a sharp increase on a year-on-year comparison; sale income of RMB 3.658 billion was realized by refrigeration container company, with 137.38% up on a year-on-year comparison; and sale income of RMB 3.514 billion was realized by special purpose container, with 52.19% up on a year-on-year comparison. The sales quantity contributed by standard dry cargo container business reached at 1,296,000 TEU in 2010, with a big increase compared to that of last year. 85,800 and 61,900 sets of refrigeration containers and special purpose containers were respectively sold out, respectively increasing by 182.23% and 43.29%.

Based on accumulated capability for years, container business constantly kept its horizontal and vertical development through service extension, technology upgrade, and commercial model innovation, providing positive exploration for new space of business growth.

While proposing ideas about developing a new generation of containers, namely, SGIL (S-Secure, G-Green, I-Intelligent, L-Light), transforming itself from a product manufacturer to a solution provider, and balancing production between orders of slack season and peak season by applying thorough standardization, the Group constantly put efforts on container industry in directions of standardization and individuation. In respect of production and manufacturing, having experienced financial crisis, the Group rediscovered directions and restraining factors of industry development. In an environment where resource restrictions existed and environmentally friendly economy of low-carbon was promoted, the Group continually explored its production way, sought for a development path leading to refine manufacturing, and so far has set up the upgrade in manufacturing patterns in compliance with new plans and design perception. In respect of transportation and storage, the Group provided various solutions to transportation and storage for clients by taking advantage of its national network of container yards in major ports. In respect of recycling operation, the Group provided container businesses such as new-for-old service, re-design for old containers, maintenance, and rent of second-hand containers. The creative technology and business of using second-hand containers as modular constructions especially extended service lives and applied fields of container to a large degree.

By now, the Group is the only container manufacturing and service enterprise to provide whole series of containers, including dry cargo containers, refrigeration containers, tank containers, as well as other kinds of special purpose containers, and own complete independent intellectual property. Meanwhile, the 18 container manufacturing industrial parks of the Group established and expanded in coastal areas and areas along rivers could not only quickly provide containers for each container quay and yard in China, but also, in fast speed, globally provide containers for major ports and clients by its integrated advantages in cost and quality. Besides, CIMC Group had established container service sites in major costal port cities and inland container logistic centers in China, which formed perfect container service system and provided container service and application system covering the whole product cycle for clients.

——Road transport vehicle manufacturing and service business

CIMC Vehicle Group has been accessed to the road transport vehicle industry since 2002 and became the largest manufacturer of road transport vehicles in China in 2004 with annual capacity exceeding 200,000 units.

In 2010, beyond the expectation, the Vehicle Group achieved great business performance, together with soaring profitability and capability by adjusting operating strategies and seizing market opportunities in line with strategic targets. As for vehicle business, during the year, sales revenue recorded to RMB 16.632 billion, and net profit amounted to RMB 587 million, respectively up 51.02% and 102.41% compared with last year. Gross margin rate reached 14.30%, with a year-on-year increase of 0.87%. Sales volume of 155,300 units registered a year-on-year increase of 59.45%. The domestic leading products of the vehicle business, such as tank vehicles, cement mixers and dump trucks, saw their markets further expand and their market shares significantly rise in the Chinese market.

CIMC's business of road transport vehicle had set its strategic vision as providing top-ranking logistics equipment and service in land routes for global customers by replying on China's advantage. CIMC Vehicle Group focused on a complete value chain process of product design and development, product manufacturing and delivery, sales and service, as well as customer follow-up and feedback. CIMC Vehicle Group constantly insisted on creating sustainable value for customers, keeping improving customer satisfaction, and leading sustainable and healthy development in the industry.

Having been specializing in extensive expansion for years, in 2010, vehicle business of the Group started its strategic transformation. The Vehicle Group established its value orientation with the core of profitability improvement, took marketing system as the starting point, implementing internal optimization in organization and process, adopted operating and management measures, such as management improvement of investment and capital, resources integration, improvement of management mode and incentive mechanism of marketing system, refining division of end-sales channels, along with reinforcement of strategic plans, strengthened internal management, and improved operating efficiency. The Vehicle Group seized external market opportunities, worked hard to meet customers' requirements, and stably expanded its market shares in refined industry in domestic and overseas markets.

On the other hand, the Vehicle Group extended its business structure through vigorous innovation in business mode. It appropriately invested on industry on front-end parts, enlarged product sales scope by using current channel resources, and helped to promote heavy truck business.

Heavy truck business hit the record in 2010. As a blowout growth emerged in domestic market of heavy trucks, domestic heavy trucks became the mainstream products. Under such circumstance, with 3 years of serous preparation, the first batch of heavy truck products produced by C&C Trucks in thorough processes was launched to the market in Dec. 2010, marking an initially acquired basis for heavy truck development involved by the Group.

C&C Trucks Co., Ltd, of which 45% equity was held by CIMC Vehicle Group, took domestic middle and high-end heavy truck market as the starting point, regarded its product development strategy as “leading the domestic technology while following the overseas advanced technology”, and implemented its strategies of “holding appropriately advanced technology advantages and obtaining more markets shares in domestic high-end heavy truck market”. C&C Trucks Co., Ltd. orientated itself in overseas middle and high-end heavy truck market, as well as domestic high-end heavy truck market. Road vehicles, for example, tractors, were targeted for markets of city-to-city logistics transportation and port-to-port container transportation; construction vehicles, such as dump trucks and mixers, were targeted for markets of city construction and infrastructure construction. Leading products, including tractors, dump trucks, uploading and special vehicles, as well as mixers, were targeted for creating a platform for C&C UE technology. As at Feb. 2011, the Ministry of Industry and Information Technology promulgated No.224 Public Notice on Vehicle Production Enterprises and Products, and the company had declared 79 public notices for 442 vehicle types, totally sufficient for future market demand.

Engines of Yuchai 6K series adopted by Y&C Engine were brand-new developed vehicle types of Y&C Engine with strong competitiveness in fuel consumption. Y&C Engine had been based on Euro Emission Standard IV and holding the upgrade potential of Euro Emission Standard IV since it started to design. China Emission Standard IV public notices has been included in declared public notices of C&C Trucks by now. As a result, implementation of emission standards of China Emission Standard IV of the country would bring positive effect on both design and sales of C&C Trucks products. C&C Trucks is also actively developing CNG/LNG heavy trucks using natural gas, which are expected to be launched in 2010, fully in compliance with state policies of energy-saving, emission-reducing, and new energy development.

——Energy, chemicals, food equipment and service business

The Group’s energy, chemicals, liquid food equipment business was spurred by the economic recovery and the rising market demand, thus its operating income and net profit soared up over the last year. In 2010, the operating income was RMB 5.351 billion, up 48.64% over the same period of last year. The net profit amounted to RMB 190 million, up 80.95% over the same period of last year.

2010 was the first year to witness the Group’s operation after business restructure in energy, chemicals and equipment, along with the Group's effective integration. The Group clearly defined business development directions, enhanced internal control and system establishment, and strengthened internal coordination by making strategic development plans and conducting all kinds of special research. The Group achieved striking progress in overseas business expansion, stably advanced business performance, initially established its role as the main supplier of equipment and service in energy (mainly is natural gas) industrial chain, actively progressed in modular products and skid-mounted products, and stably propelled business of engineering contracts and solutions.

Energy (LNG, CNG and LPG) equipments: In 2010, the Company recorded aggregate sales income of RMB 3.335 billion from energy equipments, up 59.47% over the same period of last year.

By means of sustainable R&D and innovation, the Group active promoted continual and stable development for products such as CNG and low-temperature equipment and provided high-pressure and low-temperature equipment for secure transportation and storage of energy. Enric Gas Equipment Co., Ltd. independently researched and developed high-volume steel seamless gas cylinders, filling the correspondent in domestic market and achieving international advanced level. In low-temperature field, Zhangjiagang Sanctum Co., Ltd. led the industrial development of low-temperature products by constant development of new products. Products and businesses of CIMC in the field of natural gas effectively solved the "last kilometer" problem beyond natural gas lines, significantly propelled promotion and usage of natural gas, the clean energy, in China, and fully reflected its brand development philosophy of promoting environmental protection and realizing sustainable development.

At present, the Group provides the most various natural gas products (CNG/LNG) and liquid petroleum gas products (LPG) for customers. After the acquisition of TGE GAS TGE Gas Engineering GmbH (or TGE GAS for short), a world leading engineering turnkey contracting company, the Group sharply enhanced its capability in system integration and engineering in the whole industrial chain of natural gas, realized coordinate development between current LNG downstream applications, namely the supply of equipment and service, and LNG upstream developing projects by TGE GAS, obtained the ability to provide one-stop system solutions for customers in the field of natural gas development and application, and formed the coordinative value chain between technology service and equipment manufacturing.

In 2010, TGE GAS, of which 60% equity was held by the Group, realized its operating income of RMB 904 million, up 69.03% compared with last year. At the same year, turnkey contract projects undertaken by TGE GAS, including EPC contract project of storage tanks for CNOOC liquid natural gas item in Zhejiang and the 2nd phase contract project of storage tanks for LNG receiving station item in Portugal, all progressed smoothly.

Chemical equipments: In 2010, the chemical equipment business recorded operating income of RMB 1.279 billion, up 61.96% over the same period of last year. The major production bases of chemical equipments include Nantong CIMC Tank Equipment Co., Ltd. and Dalian CIMC Heavy Chemical Equipment Co., Ltd.

A tank container is a stainless steel pressure vessel with an external framework of the international standard of 20-foot container. It can be used for shipping toxic and harmful, inflammable and explosive, corrosive, and non-hazardous liquid, gaseous and solid bulk granular powder. Tank containers are featured by advantages of being safe, environmentally friendly, economical, flexible and efficient with multiple united transport and "door to door" delivery etc.

Nantong CIMC Tank Equipment Co., Ltd. (Nantong Tank) is mainly engaged in the business of manufacturing international standard tank containers. Due to the effect of the economic recession, the demand and orders of the chemical logistics equipment market closely associated with chemical raw materials and refined chemicals increased sharply..

The 1st phase project of Dalian CIMC Heavy Chemical Equipment Co., Ltd. (Dalian Heavy Chemical) was completed and formed annual production capacity of 9,000 tons. Its main products include gasifier in the coal gasification equipment, ethylene cracking furnace in the ethylene equipment, large-scale synthetic ammonia, high-pressure equipment in the chemical fertilizer equipment, oil refining hydrogenation, hydrocracking, key equipments in the methanol device and evaporator in the sea water desalination device etc.

Liquid Food Equipments: In 2010, the liquid food equipment business recorded operating income of RMB 0.561 billion, down 21.94% over the same period of last year. Netherlands-based Holvrieka Holding B.V. is one of the leading suppliers of exclusive stainless steel static storage tanks and tank terminal equipments in Europe, under which, there are four production bases, namely Netherlands-based Emmen, Netherlands-Sneek, Denmark-based Danmark and Belgium-based NV. It offers a wide range of services to the liquid, gas and powder bulk tank transport sector in Europe including petrochemicals, beer, juice, milk and other food and beverage industries, such as all tank equipments and bulk water tank ships involved by orange juice from the juice, road transport to orange juice docks. HOLVRIEKA accounted for 100% of the market share in Europe.

Holvrieka (China) Co., Ltd. is the production base of Holvrieka of the Group in China, mainly engaged in manufacturing of stainless steel static storage tanks and crafts tanks used to store beer, fruit juice and other food and chemical products. In 2010, it formed a capacity of producing 1,000 units of large storage tanks annually.

——Offshore engineering business

CIMC Raffles Offshore (Singapore) Co., Ltd. (SCRO), the subsidiary of the Group, and its subsidiary, Yantai CIMC Raffles Offshore Co., Ltd. (YCRO) rank top offshore engineering equipment manufacturers in the world, and have been involved in global competitions in international market of offshore engineering. Its main products include jack up, semi-submersible and auxiliaries to offshore engineering. As a new core business of the Group, offshore engineering business will become important future profit growth point of the Group.

In Jan. 2010, CIMC Raffles Offshore (Singapore) Co., Ltd. (SCRO) has been included into consolidated statements of the Company since the completion of the unconditional voluntary cash tender offer conducted by the Group over SCRO. As at the year-end, proportion of equity held by the Company over SCRO reached 50.98%. In 2010, offshore engineering business of the Group recorded a sales income of RMB 2.444 billion, with a deficit of RMB 1.109 billion.

In 2010, project delivery in offshore engineering business made a breakthrough. YCRO delivered a jebsen and three semi-submersibles, namely COSL Pioneer 1#, SS Pantanal, Scarabeo 9. The successful delivery of a dump jebsen of 30,000 tons in Jan. 2010 and successive deliveries of three deep-water semi- submersibles in the 4th quarter of 2010 marked that China had broken the monopoly of Singaporean and South Korean enterprises in high-end offshore engineering products, and the Group was the first one to possess large-scale and industrial capability of manufacturing high-end offshore engineering products. In Oct. 2010, the first deep-water semi- submersible in China, COSL Pioneer 1#, established for COSL was successfully delivered; in Nov. 2010, the SchahinII established for Petrobras, the terminal user, was successfully delivered. In Oct. 2010, with 90% work had been done, project D90 was uncompleted and thus delivered by negotiation In Feb. 2011, the globally largest pipelay vessel (PLV) established for SAIPEM in Italy was uncompleted and thus delivered, and it is still under construction at present.

COSL pioneer was the first deep-water semi-submersible in China. Compared with similar products, COSL pioneer was featured by high automation degree, simple manipulation, comfortable work environment, and high security. The platform of COSL Pioneer 1# was 104.5 meters long, 65 meters wide in body type, and 36.85 meters deep in body type. It could go down within 750 meters during operation, and depth of the drilling reached 7,500 meters. Cosl pioneer was one of the most advanced semi-submersibles established so far in China. SS Pantanal was the first one between the two semi-submersibles established for Schahin in Brazil by CIMC Raffles, which independently finished the detailed design, production design, construction and debugging.

Main reasons for losses on offshore engineering business: because of the outsourcing strategy adopted since 2007, and also because all in-hand orders for deep-water drill platforms were the first manufactured ship, which meant lack of experience in technology, construction and project management, almost all projects went through delayed delivery for one to two years. As such, contract prices were reduced because customers took products in advance, and the Company had to compensate for losses on delay with higher extra cost expenses. What’s worse, losses on such projects also diminished the Company’s reputation.

The semi-submersible, D90, established for SAIPEM in Italy wasn’t delivered by 100% completion. As a result, project gross margins recognized in precious fiscal years had to be reversed, cost expenses of COSL series were large and in the red, and other deliveries of delayed projects all directly effected on profits of the current period.

Up to 31 Dec. 2010, except that the COSL 2# project under construction had completed by 82%, the COSL 3# project had completed by 63%, and the super M2 H195 project had completed by 48%, other projects had all completed by over 90% and are under focused debugging at present.

Offshore engineering business of the Group basically defined its development directions in three main product lines, namely semi-submersibles, jack ups, and special offshore engineering vessels. The strategic layout of "one center and three bases" made up by Yantai, Haiyang, Longkou and Offshore engineering Research Center was completed and being developed.

In terms of construction of production bases, Yantai Base was mainly applied for concentrated supply, approximation, and debugging. Haiyang Base and Longkou Base respectively acted as semi-submersible construction base and jack up construction base. Yantai Base was equipped with bridge-type portal crane of 20,000 tons and large shipyards for approximation of semi-submersibles. An 18 meters deep port had been completed for installment and debugging of equipment. After the completion of the 1st phase and the 2nd phase of deep-water port project, 9 drill platforms could call at the port at the same time. Series of innovative construction techniques of semi-submersibles, such as thorough land construction, launching of large barges, inner-shipyard approximation of cranes of 20,000 tons, and underwater installment of a propeller at 18 meters beneath the port, were created.

Haiyang Raffles was registered in 2008 with registered capital of RMB 200 million. The total investment amounts to RMB 700 million at present. Its annual capacity of steelwork totaled to 40,000 tons per year, and it was targeted for annual production of 2 semi-submersibles. Its main capacity plan had been realized.

In Apr. 2010, the acquisition of Longkou Sanlian Co., Ltd. was completed. After the completion of infrastructure construction of Longkou Raffles Project, the capacity of annual production of 4 jack ups will be formulated in 2011.

In terms of in-hand orders and enlargement of new orders, in-hand orders of CIMC Yantai Raffles in 2010 included 6 semi-submersibles, 4 jack ups, 1 life supporting platform, and 4 special offshore engineering ships. Order contracts on projects under construction of Raffles amounted to USD 1.588 billion. In 2011, Raffles has obtained a 5-year charter party totally amounting to USD 172 million. 3 jack ups and 1 life supporting platform under construction are due for realization in sales and delivery in 2011.

In the field of R&D and design, CIMC raffles had established a R&D and design team of 800 people by structuring Yantai CIMC Offshore engineering Research Institute and Shanghai CIMC Marine and Engineering Research Center, constructed a R&D and design platform integrated with R&D and design, which operated through the whole process of basic design, detailed design and production design, and independently completed analysis and design for several DP2 and DP3 products, which won high evaluation from ship owners and classification societies. In Jul. 2010, National Bureau of

Energy named and branded for the second batch of national energy R&D (experiment) centers. National Energy Marine Petroleum Drill Platform R&D (Experiment) Center settled down in the Group, which meant that the Group gained its national industrial status in several respects of scientific research offshore engineering, and thus acquired the qualification to undertake R&D, experiments, and manufacturing in important national offshore engineering equipment. As such, the leading advantage of the Group in domestic offshore engineering was strengthened, which enlarged the space for in-depth anticipation of the Group in future national energy development.

The Company will continually strengthen construction of CIMC Offshore engineering Research Institute, further attract high-end talent, and build an international advanced design and R&D platform for offshore engineering equipment. YCRO has succeeded in applying for the research topic of "Offshore engineering Equipment Assembly Construction Technology Research" set up by the Ministry of Industry and Information Technology and the Ministry of Finance.

——Other businesses

Airport equipment business: In 2010, CIMC Tianda Airport Equipment Co., Ltd., where the Company held 70% equity interests, recorded sales of RMB 343 million, down 35.40% than the last year (RMB 531 million) and achieved net profit of RMB 27 million, down 55% over the last year (RMB 60 million). There were 118 units of boarding bridges and 7 sets of dimensional parking garages sold in the year.

Compared with other industries, influence of the global financial crisis on airport industry was lagged behind. The income level was decreased than last year because of delayed deliveries of many projects due to customers. There were few substantial threats from entrants and substitutes due to specialty of the industry. However, competition in the industry is fierce because of the relatively small market space. The network of CIMC boarding bridge business was globally expanding step bay step, with a domestic market share rate over 90%, and a global market share rate of 20%. Connected by boarding bridges, the extension forwarding to airport service value chain entered into a substantive stage. After acquiring the contract of all 30 boarding bridges, including 7 A380 airplane seats, of project S4 of Charles De Gaulle Airport in France, the Group signed long-term framework agreements of passenger boarding bridges for 5+5 years with Paris Airports Management Co., Ltd. in France and Schiphol Airports Group in Netherlands. The bid-winning enterprise that acquired such project would, in the coming 5 to 10 years, be the only supplier of current passenger boarding bridges and new bridges for Charles de Gaulle International Airport in France, Orly Airport in Paris, and Amsterdam Airport in Netherlands. The number of such bridges was estimated as 100 units.

Logistics equipment and service business: CIMC is committed to providing special logistic equipment and comprehensive logistic solutions for customer from different trades. Our logistic equipment products mainly include pallet containers for automobiles, logistic, foods, chemical, and agriculture, stainless steel IBC（Intermediate Bulk Container) applicable in chemical and foods fields, and various special logistic equipment, such as wind power product logistic, and commercial car assembly logistic equipment.

In 2010, CIMC has achieved an operating income of RMB1.144 billion, an increase of 110.68% over the same period last year, with the net profit of RMB 92 million.

The Group has been involved in manufacturing of steel tray containers since 1999, and has started to produce IBC (Intermediate Bulk Container) since 2002. By now, the Group can produce tray containers for industries of vehicles, synthetic rubbers, glass, home appliances, chemical, logistics, storage, fruits and vegetables, petroleum chemical, and military logistic equipment, including steel IBC and pressure vessels, all categories of which totaled to more than 500. Being the largest supplier of steel tray containers and IBC in China and one of the leading tray container suppliers in the world, the Group currently owns 2 manufacturing bases, Tianjin and Dalian, with an annual capacity of 1,300,000 units.

The rapid development of refined logistics industries, such as industries of auto parts, chemical, and liquid food, pushed the demand for unit-packaged products. At present, wood tray containers are still mostly widely used in China. However, disadvantages of wood materials, such as requirements for health and quarantine / fumigation, forest resources consumption and short service life, as well as restriction of uprising cost, resulted in more and more demand for metal tray containers, for example, steel tray containers. Based on the usage condition in developed countries, steel tray containers were increasingly broadly used due to their reusable features, and gradually became a new development direction for containerization-unit equipment.

Financing service business: The Group owns CIMC Financial Leasing Co., Ltd., which provides sales and other service supports to businesses of the Group, and has achieved rapidly expanding business scale and net profits while strongly supporting business development and developing customers for recent 3 years. On 18 Jun. 2009, CIMC Finance Co., Ltd. was established through the approval of China Banking Regulatory Commission, and officially started its business in Feb. 2010, which marked the initial formulation of CIMC financing business. Operation of CIMC Finance Co., Ltd. enlarged space for structural optimization of the Group's assets, business operating efficiency, and benefit improvement, reflecting strategy upgrade of the Group in business combination.

Dalian CIMC Railway Equipment Co., Ltd. under the Group concentrates on business enlargement of railway equipment. In 2010, it realized an operating income of RMB 20 million with a striking year-on-year increase. As for its real estates business, except for holding 40% equity of Zhendi Project of Shanghai Merchants Property Development Co., Ltd., the Group progressed smoothly in two lands in Yangzhou City. In 2010, sales income of the Company totaled to RMB 350 million, and the total after-tax profits amounted to RMB 76 million.

4. R&D

The CIMC technology center became a state-level enterprise technology center in 2001. In 2010, National Energy Marine Petroleum Drill Platform R&D Center settled down in CIMC Group. At present, under the CIMC technology center, there are 5 research institutes, 15 technology branch centers, 5 state post-doctoral research stations, 1 post-doctoral innovation base, and more than 20 laboratories including engineering laboratories and material laboratories. Therein, 7 technology branch centers are provincial and municipal technology centers, and 2 laboratories are CNAL certified laboratories.

In 2010, a total of 856 categories of new products were developed in all industries under the Group. Sales volume of new products and significantly improved products accounted for more than 20%. The Group presided and anticipated in the preparation of more than 20 provisions of international, domestic and industrial technology standards, and declared more than 280 patents, of which 90 patents were for inventions.

5. Suppliers and customers

In the reporting period, the total amount of purchase by the Group from top five suppliers was RMB 7 billion, accounting for 33% of the total annual purchase. The total amount of sales income achieved by the Group from top five customers was RMB 12.872 billion in the year, accounting for 24.86% of the total sales income of the Group.

6. Analysis on Financial Status of the Company

(1) Analysis on Changes of Assets and Liabilities

Unit: (RMB) Thousand

Item	Amount as at 31 Dec. 2010	Amount as at 31 Dec. 2009	Variation (%)	Main influential factors
Transactional financial assets	525,661	113,337	363.80%	Balance of transactional equity instrument investment and derivative financial assets
Notes receivable	508,585	1,690,845	-69.92%	Recognition of bank acceptance bills, which was of little risk and had been endorsed and discounted, was terminated in the current year.
Accounts receivable	8,129,836	3,862,604	110.48%	Expansion of sales scale.
Prepayments	2,433,447	1,073,559	126.67%	Expansion of purchase of raw materials.
Other receivables	2,236,272	1,123,489	99.05%	Increase of receivables of related parties and borrowings from shareholders of associated companies.
Inventories	13,423,747	6,753,566	98.77%	1. Increase of production scale resulted in the increase of raw materials in stock and goods in process. 2. Raffles was firstly included into consolidation.
Non-current assets due within 1 year	1,185,502	394,036	200.86%	Big increase of receivable financing leases and sales paid by instalments.
Other current assets	688,030	254,677	170.16%	Big increase of taxes to be deducted

				or taxes prepaid.
Construction in progress	1,697,664	573,269	196.14%	Raffles was firstly included into consolidation.
Short-term in borrowing	8,309,309	4,157,477	99.86%	Scale expansion of current capital borrowings.
Notes payable	2,538,623	1,226,091	107.05%	Expansion of purchase scale.
Accounts payable	9,117,500	4,462,255	104.32%	Expansion of purchase scale.
Accounts received in advance	1,935,731	1,270,602	52.35%	Raffles was included into consolidation.
Employee compensation payable	1,365,532	813,425	67.87%	Expansion of production scale and improvement of treatment of workers.
Other payables	2,388,367	1,476,903	61.71%	Expansion of business scale and correspondent increase of freights, pledges, and quality guarantee deposits.
Non-current liabilities due within 1 year	2,844,521	455,472	524.52%	Big increase of long-term borrowings due within 1 year.

—Accounting measure for major assets of the Company:

When preparing financial statements, the Company usually adopts historical cost accounting except for the following assets and liabilities which are measured by fair value:

① Financial assets and liabilities (including transactional ones) measured by fair value, whose variations are recorded in profits and losses of the current period

Unit: (RMB) Thousand

Item	Opening amount	Gain/loss from fair value changes in report period	Accumulative fair value changes recorded into equity	Impairment provision for report period	Closing amount
Financial assets:					
Including: 1. Financial assets measured by fair value, whose changes are recorded into profits and losses of current period	91,772	252,109	-	-	512,560
Of which: Derivative financial assets	5,050	94,032	-	-	119,069
2. Financial assets available for sale	1,175,785	-	727,466	-	768,467
3.Hedging instrument	21,565	-	14,070	-	13,101

Subtotal of financial assets	1,289,122	252,109	741,536	-	1,294,128
Financial liabilities		-17,191		-	
Investing real estate	-	-	-	-	-
Production biological assets	-	-	-	-	-
Others	-	-	-	-	-
Total	1,134,086	234,918	741,536	-	1,136,026

② For financial assets available for sale, please refer to **Note 5 (10) to the financial statements**

—Analysis on changes and influence of main assets measured by fair value:

Unit: (RMB) Thousand

Item in statements	Contents	Recognition of fair value	Balance as at 31 Dec. 2010	Balance as at 31 Dec. 2009	Effect on gain/loss for current year	Direct effect on net assets	Notes
Transactional financial assets	Transactional equity instrument investment	Market price	393,491	86,722	173,897		Stock investment in secondary market
	Derivative financial instrument	Quotation from financial institution	119,069	5,050	94,032		Financial derivative products relating to exchange rate and interest rate
Derivative financial liabilities	Derivative financial instrument	Quotation from financial institution	13,101	21,565		14,070	Financial derivative products relating to exchange rate and interest rate
Other current assets	Cash flow hedging	Quotation from financial institution	158,102	155,036	-17,191		Exchange rate hedging product
Financial assets available for sale	Strategic equity investment	Market price and assessed value	768,467	1,175,785		727,466	Equities of China Merchants Bank, etc. held by the Company for strategic purposes

For more details, please refer to “3. Risk Analysis, Sensitivity Analysis and Fair Value Recognition Methods for Financial Instruments” under “Note 11 Other Significant Events” to the financial statements.

(2) Analysis on changes in expense and income tax:

Unit: (RMB) Thousand

Item	2010	2009	Increase/decrease (%)	Main influential factors
Administrative expenses	2,734,364	1,976,074	138.37%	Production scale expanded; labor cost for administration increased; Raffles was firstly included into consolidation.
Financial expenses	669,783	131,037	511.14%	Interest expenses increased.
Income tax	823,748	384,674	214.14%	Profits increased, and income tax expenses of the current period correspondently increased.

(3) Analysis on changes of cash flows

Unit: (RMB) Thousand

Item	2010	2009	Increase/decrease (%)	Main influential factors
Cash flows from operating activities	1,482,901	969,685	52.93%	Sales scale expands.
Cash flows from financing activities	477,409	520,840	-8.34%	Cash to pay off debts increased.

7. Business Performance of Major Holding Subsidiaries and Joint Ventures

(1) Major holding subsidiaries

Major holding subsidiaries of CIMC include about 40 controlling subsidiaries for container business, over 80 controlling subsidiaries for road transportation vehicle business, 25 subsidiaries for energy, chemical and food equipments, 1 subsidiary for airport equipment, 1 subsidiary for railway freight transportation equipments, 10 subsidiaries for logistics equipments and service, 3 subsidiaries for offshore engineering, 13 subsidiaries for real estates, and 5 subsidiaries for other industries. For business performance of the said subsidiaries, please refer to “3. Status of Main Operations” of the previous section of this report.

(2) Major joint ventures

As at 31 Dec. 2010, CIMC holds 10% equity of China Railway International United Container Co., Ltd. With a registered capital of RMB 4.2 billion, China Railway International United Container specializes in building and operating railway container centers, as well as relevant services.

CIMC holds 5% equity of Communications Schroder Fund Management Co., Ltd., with its registered capital standing at RMB 200 million. For the year 2010, the Company achieved an investment income of RMB 7.46 million from this joint venture.

8. Entities controlled by the Company for special purposes

The Company does not control any entity for special purposes.

(III) Outlook of the Company's Future Development

1. Economic Environment and Policies

Having suffered the rough downturn, global economy returned to growth in 2010. However, the unbalanced recovery structure of main economies is evident and will further differentiate in 2011. As for growth prospects in developed economies, American economy will still face challenges from unemployment, real estates market and government deficits; polarization in European economy will be sharpened – while core countries such as Germany and France are expected to drive economic growth in Europe, other non-core countries, with debt crisis remain existing, will still struggle and pull down the whole economic performance in Europe; Japanese economy will keep slow growth.

Headed by China, emerging economies and developing economies will grow rapidly with dual supports from recoveries in domestic and overseas market, but they also face tremendous inflation pressure in the global environment of excess mobility. As compared with 2010, China will suffer a much more complicated environment, in which, there will internally exist long-term challenges such as inflation pressure, adjustment and upgrade of industrial structure, energy saving and emission reduction, as well as improvement of revenue distribution pattern, and there will externally exist various challenges such as downward overseas demand, RMB depreciation, as well as more complicated international and regional political games. The economic growth speed will fluctuate, currency policy will turn from appropriately loose to stable, and at the same time financial policies will keep loose.

As for CIMC Group, being placed in global economic environment and businesses, as well as global market structure, the year 2011, on one hand, means that there will be continual stable growth of market demand in its businesses, but there will also be obvious differences between market demands in different regions, on the other hand, means that the Group should adopt more flexible operating strategies in its businesses to adapt to the increasing market demand in total and differentiating market demands in different regions. Chinese manufacturing is undergoing profound changes while facing brand-new challenges currently. Firstly, it has to upgrade to high-end manufacturing, develop toward high technical complexity technology incentive type, and keep up with high-end technology represented by Japanese technology and German technology. Secondly, traditional industries have to develop toward refined production, make breakthroughs in environment and resources, so as to improve its competitiveness by higher efficiency, better quality and more effective cost control. As an enterprise group with the core of manufacturing, the Group has to try hard on innovation on core technologies and transform in manufacturing technologies and management styles, etc.

2. Development trends in the industry and market

In 2011, we believe that recovery of global economic and trade will be continued, International Monetary Fund (abbreviation as IMF) predicted that the actual increase of global economic would reach 3.3% in 2011, while Organization of Economic Cooperation & Development (abbreviation as OECD) predicted that global trade would increase by 8.3%. As for the growth prospect of emerging and developing economic bodies, the economic bodies headed by China will gain fast increase under the double support from the recovery of demands home and abroad. Energy Information Administration (abbreviation as EIA) believed that the demands for oil from developed countries would assume a large increase with the global economic recovery, and it was predicted that the global demands for oil per day would increase by 1.7% in 2011, higher than that in 2010 as 1.3%.

In 2011, in light of the comprehensive factors such as growth trend of global economy, the change in demands from core economic bodies, the production increase of domestic industries and investment & consumption trends, foreign exchange fluctuation and price change home and abroad, base effect in the same period, etc., it's primarily predicted that the export will increase by about 16%, import will increase by about 20%, and the foreign trade surplus will reach USD 170 billion with a little year-on-year decrease.

The continued strengthen of economic recovery, risk of economic fluctuation and adjustment of Chinese economic structure, will provide more opportunities for the development of the Group, which will also set more requirements and challenge for the group in the respects such as industrial upgrade, self-optimization, capacity hoisting and the development goal of becoming the world-class enterprise.

(1) As for the container business, against the overall background of continued and stable recovery of global economy & trade, it is predicted that the demands for containers will continue to increase with a possible increase of 20~30% in 2011. In accordance with the prediction from Clarkson, a British dynamic analysis institution for shipbuilding and shipping, the global business of containers will increase by 9.7 % to reach 153 million TEU in 2011. According to the prediction from relevant professional institution, the total freight capacity of global containers will increase by 8.4% per year over the future three years (excluding the factors of vessels dismantling).

At present, the number of global containers on hand is about 30 million TEU, and it is predicted that the renewal and elimination of old containers will amount to more than 1.2 million TEU per year, which will also continue to increase.

In accordance with the prediction from the authoritative institution, due to the total global new ships with freight capacity as 1.3 million TEU being delivered to use in 2011, and the growth rate of containers business being lower than that of freight capacity, meanwhile high price of oil, the operating cost of the shipping company will increase compared with last year. In consideration of absorbing surplus freight capacity, saving fuel cost, reducing carbon emissions, etc, the shipping company will continue to adopt low-speed strategy, which will also bring the increased demands for containers.

(2) As for road transport vehicle manufacturing and service business, with the economic recovery and development, the structural demands from domestic markets of different regions and the increase of Chinese export & import business will drive the increased demands for port logistic service and road transport vehicle service business. With synchronous accelerative development of industrialization and urbanization, the demands for engineering transport vehicles and special vehicles for engineering operation, such as environmental sanitation trucks, pumping appliance, and fire-fighting vehicles, will remain at high-level; the demands for common transport vehicles (high-way transport vehicles, in-city and inter-city logistic vehicles, etc.) such as container transport vehicles, common dry cargo transport vehicles, reefer vehicles, liquid tank special vehicles, etc. will continue to go up. However, due to the high base of demands in 2010, the demands for Chinese special vehicles will be less than the supplies obviously in 2011, so the price may suffer the pressure of falling. Meanwhile, the company will also face the pressure of increased cost of raw materials.

In 2011, it is predicted that the overseas demands will be possible to continue to recover, but is not possible to gain substantial increase due to the discontinued recovery of American and European economies.

(3) As for business of energy, chemical, food equipments and service, with the overall recovery of global economy, it is predicted that the demands for liquid tank containers will have a substantial recovery. In China, with the acceleration of industrialization and urbanization, the demands for energy especially natural gas will increase significantly, so as to drive the substantial increased demands for natural gas storage equipments, liquefied natural gas receiving stations and engineering service business. In the aspect of demands for chemical equipments, the demands are mainly from the domestic market, because during the period of the twelfth-five-year plan, it will reform a lot of large scale oil refineries and fertilizer plants as well as build up many petrochemical production bases. In additional, the start of the new technologies, such as joint circulatory power generation with coal combined oil and coal gasification and etc., will bring the new increased demands for chemical equipment industry.

(4) As for offshore engineering equipment business, under the drive of the factors such as the global recovery demands for raw oil and the increase of its price, the increasing strength in the exploration for and exploitation of ocean oil in the world, oil leaking event in gulf of Mexico, update and etc., the global investment in the industry of offshore engineering equipments will enter into a new prosperity cycle. And it is predicted that the global demands for offshore engineering platform will continue to go up. During the period of the eleventh-five-year plan, the input in development of the ocean oil and gas resources reached RMB 120 billion; while in accordance with the primarily finished Development Plan of Offshore Engineering Equipment during the Period of Twelfth-five-year Plan, it is predicted that the input in offshore engineering will be RMB 250 billion to 300 billion, which will drive the upsurge of Chinese offshore engineering equipments investment. In the future ten years, Chinese oil production will increase by

20%, which will bring the unprecedented development opportunities for Chinese offshore engineering equipments manufacturing industry. In international market, Raffles has established solid business relationship with many famous companies in this trade in offshore regional markets like North Europe, Middle East, Russia, Brazil, and West Africa, to improve its industrial influence. In the future, Raffles will mainly explore the said segmented regional markets. However, in domestic market, it will continue to consolidate the relations with the three major gas companies, paying attention to investment demands and business opportunities to achieve a substantial breakthrough.

At present, the global market, especially high-end offshore products, has still been dominated by South Korea, and Singapore, the traditional offshore business powers. However, because of its lower price and improvement of design and construction capacity, offshore business now experiences a trend of moving to China, providing both opportunities and challenges for CIMC's offshore business.

3. Overall business objectives and measures taken to achieve them

With the gradual recovery of global economy in 2011, CIMC will face a new environment both internally and externally, which brings new opportunities for development. As a global enterprise, CIMC will take the economic crisis as an opportunity to accelerate business structure adjustment and strategic upgrading, and to conduct systematic transformation in terms of development strategies, business mode, enterprise culture, organizational structure, operation flow, human resources, etc., with the purpose of turning the crisis to an opportunity and lay a foundation for the excellent development of CIMC for the next ten years. At the same time, it will grasp opportunities brought by emerging markets in American and European countries, Japan and the rest of the world, pay equal attention to market at home and abroad, and effectively promote steady growth of all its businesses.

In 2010, CIMC has made the general upgrading objective for the future three years which is to build a capacity platform for sustained and healthy business growth of CIMC. It aims to generally upgrading the organization ability at all levels of CIMC through the upgrading activity in the future three years, so as to support the operation and development of CIMC at the plan scale of RMB 100 billion or more.

4. Capital expenditure and financing plan

Considering changes of the economic situation and operation environment, as well as the Group's need for strategic upgrading and business development, a capital expenditure about RMB 10.4 billion is expected for the year 2011, and the funds will mainly come from self-owned capital and bank borrowings.

5. Risk factors in future development

Although the global economy has resumed increase, the recovery road is not so smooth duo to the obvious imbalanced pattern of recovery in the major economic bodies. The recovery of developed economic bodies still have the risks of downturn, and the slow increase still not enough to reduce the high unemployment rate. The pressure of currency inflation also exists in the emerging market and developing economic bodies, which face the problems of avoiding overheated economy and capital inflow control. As for Chinese economy, at home, it faces the continuous increasing pressure of currency inflation and the long-term challenges in the aspects such as industrial structural adjustment and upgrade, energy saving & emission reduction, income distribution restructuring and etc.; at abroad, it faces the challenges such as the decline of external demands, inflation of RMB, more complex strike between international politics and geopolitics, and the economic growth also has the risk of downturn.

Keeping abreast with the strategic adjustment of Chinese economic structure, the manufacturing industry which the Group belongs to faces a series issues such as how to improve production efficiency, improve working conditions, save resources, protect environment and so on. Besides, the fluctuation and increase in the price of energy and materials will be possible to erode the profits of the Company.

In the containers business, the uncertainty of global economic recovery and the rebalancing process of global trade structure will be likely to have influence on the global trade so as to cause the decreasing demands for containers. The risks that shipping industry mainly faces are as follows: 1) the centralized delivery of new ships and the cargo volume being less than the freight capacity will affect the freight fees; 2) the up trend of the oil price under the conditions of inflation and fluctuation in geopolitics; 3) the risk of fluctuated demands for containers, such as the increase of the rent of containers ship, containers and port fees.

In the business of energy, chemical and food equipments and service, the development of chemical equipments is closely related to the macro economic cycle, so the instability of relevant national industrial policies has substantial influence on its business development. With the increasing competitors, the competitiveness is more than that of before so that the market shares face the risk to be squeezed out. Moreover, the production for export faces the risk of foreign exchange fluctuation.

In the business of road transport vehicles, due to the recovery of mainstream developed economic bodies in 2011 still being the primary step, it’s impossible to gain substantial increase in overseas demands. Basing on the high growth rate in domestic market in last year, the growth rate may decline due to the gradual withdrawal of national economic stimulus policies. Besides, the factors such as resources, environment, traffic have a more and more restraint on the developments of vehicles industry, the railway construction has a negative impact on the trunk line road cargo freight and also brings the risks of decreasing demands for road transport vehicles.

In the business of offshore engineering equipments, the offshore engineering equipments are the products with high input and high risk, and have a high requirement for construction facilities and experience, capitals and research power. Compared with

Singapore and South Korea with more mature construction technology as well as America and Europe with stronger R&D ability, the construction level of Chinese offshore engineering equipments still have a long way to catch up. With the offshore engineering industry being included into the Strategic Emerging Industries and gaining the support of policies, there will be more traditional ship building enterprises in the downturn cycle to transform to offshore engineering equipments manufacturing enterprises, so as to increase the industrial competitiveness.

II. Investments in the reporting period

(I) The Company did not raise funds in the report period. Nor there existed application of previously raised funds.

(II) Investments with Non-raised Funds in Report Period

1. Acquiring equities: In the reporting period, the Company paid a total of RMB 1,082.38 million for acquiring equities of some enterprises.

2. Establishing new subsidiaries or increasing investment in subsidiaries: In the reporting period, the Company paid a total of RMB 1.541 billion for establishing new subsidiaries or increasing investment in subsidiaries.

3. Investment in fixed assets: The year 2010 saw a net increase of RMB 3.436 billion in the Company's fixed assets (including construction in progress).

4. As at 31 Dec. 2010, balance of the Company's short-term securities investment stood at RMB 393.49 million.

Unit: RMB Million

Project	Shareholding ratio of the Company (%)	Project progress in 2010	Accumulative investment at year-end
Acquisition of 31.74% minority equity of Yantai CIMC Raffles Shipyards Ltd. and investment increase	50.98%	Completed	1,189
Acquisition of 33.55% of minority equity of Shenzhen CIMC Tianyu Real Estate Development Co., Ltd. and investment increase	90%	Completed	656
Increased investment on CIMC Vehicle Financing Lease Co., Ltd.	80%	Completed	41
Newly establishment of CIMC Vehicles (Chengdu) Co., Ltd.	100%	Completed	30
Newly establishment of CIMC Industrial Property Service Management (Chengdu) Co., Ltd.	80%	Completed	1
Newly establishment of CIMC (Group) Finance Co., Ltd.	100%	Completed	500
Newly establishment of Qingdao CIMC Special Vehicles Co., Ltd.	88.86%	Completed	27.88
Newly establishment of Shenzhen CIMC Investment Holding Co., Ltd.	100.00%	Completed	75
Newly establishment of Wuhu CIMC Ruijiang Automobile Co., Ltd.	60.00%	Completed	22.5

Newly establishment of CIMC Financial Leasing (HK) Co Ltd.	100%	Completed	3.4
Increased investment on Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	80.00%	Completed	77.21
Total			2,623

III. Routine Work of the Board of Directors
(I) Board Meetings and Resolutions Made

Time	Session	Resolutions made	Disclosure
1 Feb. 2010	The 1st Session of the 5th Board of Directors for Year 2010	Resolution on acquisition of equities of F&G	Public notice on 2 Feb. 2010
10 Feb. 2010	The 2nd Session of the 5th Board of Directors for Year 2010	Resolution on establishing Containers Service Business Investment Holding Company	
19 Mar. 2010	The 3rd Session of the 5th Board of Directors for Year 2010	1. Resolutions of the 3rd Session of the 5th Board of Directors for Year 2010; 2. Resolution on financing plan for 2010; 3. Resolution on providing guarantees for credits granted by banks to subsidiaries in 2010 4. Resolution on provision of credit guarantees by CIMC Vehicle (Group) Co., Ltd. and its controlling subsidiaries for dealers and customers; 5. Resolution on controlling subsidiary's providing guarantee for credits granted by banks to subsidiaries of the Group.	Public notice on 23 Mar. 2010
2 Apr. 2010	The 4th Session of the 5th Board of Directors for Year 2010	Resolution on nomination of director candidates of the 6th Board of Directors; Resolution on nomination of independent director candidates of the 6th Board of Directors; Resolution on holding the annual shareholder's general meeting for 2009	Public notice on 3 Apr. 2010
23 Apr. 2010	The 4th Session of the 5th Board of Directors for Year 2010	Resolution on 1st Quarterly Report 2010	
26 Apr. 2010	The 1st Session of the 6th Board of Directors for Year 2010	Resolution on the 1st Session of the 6th Board of Directors for Year 2010	Public notice on 5 May 2010
30 Jun. 2010	The 2nd Session of the 6th Board of Directors for Year 2010	Resolution on restructuring of Shenzhen CIMC Tianyu Real Estate Development Co., Ltd. Resolution on Self-inspection Report on the Basic Works of Financial & Accounting of CIMC Group	

5 Jul. 2010	The 3rd Session of the 6th Board of Directors for Year 2010	Resolution on transferring the using right of land to Qingdao CIMC Eco-equipment Co., Ltd.	
20 Aug. 2010	The 4th Session of the 6th Board of Directors for Year 2010	Resolution on Semi-annual Report 2010	
1 Sep. 2010	The 5th Session of the 6th Board of Directors for Year 2010	1. Resolutions made at 5th Session of the 6th Board of Directors for year 2010; 2. Resolution on proposal of convening 1st Provisional Shareholders' General Meeting in 2010	Public notice on 2 Sep. 2010
27 Sep. 2010	The 6th Session of the 6th Board of Directors for Year 2010	Resolution on the 6th Session of the 6th Board of Directors for Year 2010	28 Sep. 2010
25 Oct. 2010	The 7th Session of the 6th Board of Directors for Year 2010	1. Resolution on the 7th Session of the 6th Board of Directors for Year 2010; 2. Resolution on changing the book keeping currency; 3. Resolution on equity exchange of CIMC Vehicle Financing Lease Co., Ltd.	Public notice on 28 Oct. 2010
1 Dec. 2010	The 8th Session of the 6th Board of Directors for Year 2010	1. Resolution on the 8th Session of the 6th Board of Directors for Year 2010	

(II) Execution on resolutions of shareholders' general meetings by the Board of Directors

1. The Board of Directors faithfully executed the resolutions of the shareholders' general meetings during the report year:

The Proposal on The Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft) (Revised) was reviewed and approved at the 1st Provisional Shareholders' General Meeting in 2010, which had fixed the exercise price, grant date and etc., and finished the stock right register in Jan. 2011. The Proposal on Register and issuance of Semi-period Notes was reviewed and approved at the 2nd Provisional Shareholders' General Meeting, which was still under the review and approval of dealer; the proposal on Providing the Guarantees for Borrowings from Banks to Taicang CIMC Containers Co., Ltd. and Proposal on Providing Guarantees for Credits Granted by Banks to Yantai Raffles Shipyard Limited were still under the execution.

2. Implementation of the profit distribution scheme for 2009 by the Board of Directors

The Profit Distribution Scheme for 2009 was reviewed and approved at the 2009 Annual Shareholders' General Meeting held on 26 Apr. 2010. According to the Scheme, based on the total 2,662,396,051 shares of the Company, a cash dividend of RMB 1.2 (tax included; after tax, actual cash dividend for every 10 shares for individual shareholders, investment funds and QFIIs stands at RMB 1.08.) is distributed for every 10 shares. On 29 Jun. 2010, all parts of the profit distribution had been done.

(III) Duty performance of three special committees under the Board

The Audit Committee, the Compensation and Appraisal Committee and the Strategy Committee under the Board of Directors conscientiously performed their duties according to the Administration Rules for Listed Companies, the Articles of Association of the Company, Rules of Procedure for Board of Directors as well as the office power and obligations stipulated in the implementation rules for the special committees.

Duty performance of Audit Committee

1. During the report period, the Audit Committee convened special meetings for discussing periodical financial reports of the Company; it also communicated with the auditors and issued the review comments on the financial report.

Since the commencement of the annual report audit for 2010, the Audit Committee convened 2 meetings and it actively made the audit arrangement with the auditors. It reviewed the financial statements twice and issued relevant comments. It kept contact with auditors and paid much attention to the audit progress so as to make sure that the audit would be accomplished on time.

2. Summary report by Audit Committee on 2010 audit conducted by KPMG

Pursuant to the Notification on Doing Well for the formulation, disclosure and audit works of Annual Report 2010 from China Securities Regulatory Commission, the audit carried out by KPMG is hereby summarized as follows:

Firstly, about preparation before the audit:

Formulating audit plan:

The 2010 audit lasted five months from the preliminary audit in early Nov. 2010 to the completion of the preliminary audit, which was scheduled as follows:

From Nov. 2010 to Dec. 2010, preliminary audit was conducted on main subsidiaries.

On 28 Dec. 2010, KPMG communicated with the management and the Audit Committee on the preliminary audit.

On 1 Jan. 2011, KPMG entered CIMC and its subsidiaries for audit. At the afternoon of 20 Mar. 2011, KPMG completed audit and issued a preliminary auditor's report, which was submitted to the Audit Committee for review and was approved by the Board of Directors latter on 21 Mar. 2011.

Reviewing unaudited financial statements:

Before the entry of auditors, the Audit Committee carefully reviewed the financial statements prepared by the Company.

Secondly, about the audit process:

Beginning from Nov. 2010, KPMG conducted preliminary audit on main subsidiaries.

From 1 Jan. 2011, KPMG conducted full audit on CIMC Headquarters and its subsidiaries.

On 15 Mar. 2011, KPMG reported to the Audit Committee about the completion stage of the audit.

On 20 Mar. 2011, KPMG submitted the preliminary Auditor's Report 2010 to the Audit

Committee.
On 21 Mar. 2011, KPMG officially issued the Auditor's Report.

Thirdly, about the audit results
KPMG issued the Auditor's Report 2010 for the Company with an unqualified opinion. The Audit Committee was of the view that KPMG had done a good job in auditing the Company's 2010 annual financial statements.

3. Proposal on continuing employment of KPMG as external audit agency for 2011
The Audit Committee proposed to renew the employment of KPMG for auditing financial statements of 2011.

Duty performance of Compensation and Appraisal Committee
During the report period, the Compensation and Appraisal Committee convened two special meetings, at which the following matters were reviewed and discussed:
1. Issuing the audit opinion on the Appraisal Results for Management Team for 2009 and Appraisal Measures for Management Team for 2010.
2. Issuing the audit opinion on the Disclosure for the Compensation of Directors, Supervisors and Senior Management Staffs for 2009.
3. Reviewing and approving The Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft) (Revised) and The Appraisal Measures for Implementing Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd., which was submitted to the Board of Directors for review and approval.

Duty Performance of Strategy Committee
During the report period, the Investment Examination Committee under the Strategy Committee convened five special meetings on investment projects, thoroughly examining significant investments and acquisition projects of the Company, which provided strong basis for decision-making of the Board of Directors.

(IV) Statement of the Board of Directors on the responsibility of internal control
The Board of Directors is responsible for the establishment, improvement and effective implementation of internal control. Generally speaking, the existing internal control rules and system of the Group are complete, rational, effective and sound, with no material internal control defects. All units within the Group that have established the internal control system are able to control risks effectively. And the internal control system can guarantee the healthy operation and the all the Company's businesses and help the Company control operating risks, which meets the relevant requirements of the Guideline of Shenzhen Stock Exchange for Internal Control of Listed Companies. The self-evaluation report of the Company on its internal control factually and objectively presents the actual current situation of its internal control establishment, execution and supervision. For more details, see the "Self-evaluation Report on Internal Control for 2010" disclosed by the Company.

IV. Preplan for profit distribution or capitalization of capital reserve for 2010

As audited by KPMG, for the year 2010, the Company achieved a consolidated net profit of RMB 3,001,850,708.56 after tax and minority interests. Based on the share capital of 2,662,396,051 shares as at 31 Dec. 2010, the earnings per share stood at RMB 1.13.

As per the Articles of Association of the Company and the current accounting standard, the net profit of parent company was RMB -33,497,245.50 for the year 2010. And the parent company's profit available for distribution to shareholders as at 31 Dec. 2010 stood at RMB 1,579,889,470.04 as recorded in the statements. The profit distribution and dividend declaration preplan is hereby proposed as: Based on the total share capital of 2,662,396,051 shares as at 31 Dec. 2010, a cash dividend of RMB 3.50 (tax included) will be distributed for every 10 shares, representing a total dividend of RMB 931,838,617.85. After the said profit distribution, retained profit of the Company will stand at RMB 648,050,852.19.

The above preplans are to be submitted to the Annual Shareholders' General Meeting 2010 for examination and approval before implementation.

Cash bonus of the Company over the past three years

Unit: RMB Yuan

Year	Cash bonus (tax included)	Net profit attributable to owners of listed company under consolidated statements	Ratio to net profit attributable to owners of listed company under consolidated statements	Profit available for distribution for the year
2009	319,487,526.12	958,967,000	33.32%	1,932,874,000
2008	399,359,407.65	1,406,908,000	28.39%	1,064,613,000
2007	1,331,198,025.50	3,165,373,000	42.06%	1,493,044,000
Ratio of accumulative cash bonus to average annual net profit in past three years (%)			111.19%	

V. Other matters that need to be disclosed

(I) Foreign-currency financial assets and liabilities held by the Company

Unit: RMB Thousand

Item	Opening amount	Gain/loss from fair value changes in report period	Accumulative fair value changes recorded into equity	Impairment provision for report period	Ending amount
Financial assets:					
Of which: 1. Financial assets measured at fair value with changes recorded into gain/loss for current period	88,938	204,429			349,300

Including: derivative financial assets	5,050	94,032			119,069
2. Loans and receivables	2,202,816			-10,056	5,815,450
3. Financial assets available for sale	123,715		3,935		9,066
4. Held-to-maturity investments					
5. Hedging	21,565		14,070		13,101
Subtotal of financial assets	2,437,034	204,429	18,005	-10,056	6,186,917
Financial liabilities	-9,312,911	-17,191			-12,293,652

(II) Media designated for information disclosure

The Company has designated China Securities Journal, Shanghai Securities News, Securities Times and Ta Kung Pao (HK) as media for its information disclosure.

Section IX Report of the Board of Supervisors

I. Meetings of the Board of Supervisors and resolutions made

Date	Session of meeting	Resolutions made
19 Mar. 2010	The 1st Session of the 5th Board of Supervisors for Year 2010	Resolution on the 1st Session of the 5th Board of Supervisors for Year 2010 Review opinion on Self-evaluation Report on Internal Control of CIMC for 2009
23 Apr. 2010	The 2nd Session of the 5th Board of Supervisors for 2010	Supervision opinion on 1st Quarterly Report 2010 of CIMC
26 Apr. 2010	The 1st Session of the 6th Board of Supervisors for Year 2010	Resolution on the 1st Session of the 6th Board of Supervisors for Year 2010
20 Aug. 2010	The 2nd Session of the 6th Board of Supervisors for Year 2010	Supervision opinion on Semi-annual Report 2010 of CIMC
1 Sep. 2010	The 3rd Session of the 6th Board of Supervisors for Year 2010	Resolution on the 3rd Session of the 6th Board of Supervisors for Year 2010
27 Sep. 2010	The 4th Session of the 6th Board of Supervisors for Year 2010	Resolution on the 4th Session of the 6th Board of Supervisors for Year 2010
25 Oct. 2010	The 5th Session of the 6th Board of Supervisors for Year 2010	Supervision opinion on 3rd Quarterly Report 2010 of CIMC
1 Dec. 2010	The 6th Session of the 6th Board of Supervisors for Year 2010	Supervision opinion on the Self-inspection Report of the Establishment and Implementation of Long-term Mechanism for Preventing the Fund Occupies

II. Independent opinion on events of the Company in 2010 by the Board of Supervisors

The Board of Supervisors of the Company issued independent opinion on the following events:

(I). Legitimate operation of the Company

1. The Board of Supervisors of the Company, on the basis of Company Law and Articles of Association, carefully performed its duties. The supervisors sat in on the Board Meetings as non-voting delegates and supervised the convening procedures, decision making procedures of the general meetings of shareholders and board of directors as well as the execution of the resolutions made in the general meetings of shareholders and the decision making of the Company; the Board of Supervisors is of the view that during the report period, the decision making procedures were consistent with the law, the internal control procedures were consummated; there was no behavior of the directors, chairman and senior management staff which violated the Articles of Association or damaged the Company's interest; there was no behavior of power abusing or damaged the interest of the shareholders or employees.

2. In accordance with the Guideline of Internal Control in Listed Company Stipulated by Shenzhen Stock Exchange, the Board of Supervisors fully inspected on the internal

control of the Company and issued the following supervision opinions: the current internal control system is in line with the requirements of relevant laws, rules and stipulations at present, as well as meet the requirement of effective risk control in all the material aspects; the Self-assessment Report of Internal Control of CIMC for Y2010 reflects the particulars on the establishment, operation, inspection and supervision of the Company's internal control objectively and truly.

3. The Stock Option Incentive Plan of the Company was successively approved and filed by State Assets Supervision and Administration Committee (SASAC) and China Security Regulatory Committee (CSRC), and the Board of Supervisors respectively issued the supervision opinion on the following events in accordance with relevant rules and laws:
(1) The Board of Supervisors believes that the content of Stock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd. (Drafted) (Revised) is in line with the stipulations of Company Law, Securities Law, Administration of Stock Option Incentive of Listed Company, Memorandum of Relevant Events on Stock Option Incentive No. 1, No. 2 and No. 3 as well as other relevant rules, laws and stipulations; the Company has fulfilled the duties on legal procedure and information disclosure at current period; it was legal, compliant and existed no harm to the interest of the Company and the shareholders in the implementation of tock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd. (Drafted) (Revised), so it can be put into practice in accordance with relevant laws, rules and stipulations once being approved by the Shareholders' General Meeting of the Company.
(2) The Board of Supervisors believes that the Appraisal Measures for Implementing Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. takes the correct appraise of the Company's directors (excluding independent directors and external directors), senior management staffs, other core technical personnel on their professional ethics, attitude, ability and performance, etc., then positively uses the stock incentive mechanism so as to improve the management performance and maximize the interest of the Company and the shareholders.
(3) The Board of Supervisors supervised the List of Grantees for the Stock Option incentive fixed by Stock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd. (Drafted) (Revised) and issued the following opinions: the Company's directors (excluding independent directors and external directors), senior management staffs, other core technical personnel fixed by Stock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd. (Drafted) (Revised) all meet the qualification stipulated in Company Law, Articles of Association as well as other laws and rules, who also meet the conditions of incented objects stipulated by Administration of Stock Option Incentive of Listed Company (Trial), so whose qualifications as the incented objects for this stock option incentive of the Company are legal and effective.

4. After the review and approval of Shareholders' General Meeting on the Stock Option Incentive Plan of the Company, the Board of Supervisors issued the opinion on the following events:
(1) In line with the authorization from the Shareholders' General Meeting, the Board of

Directors fixed the grant date for the stock option incentive plan of the Company as 28 Sep. 2010, and the Board of Supervisors issued the following opinion after supervision: the determination of grant date is in line with Administration of Stock Option Incentive of Listed Company (Trial)(hereinafter refers as Administration), Memorandum of Relevant Events on Stock Option Incentive No. 1, No. 2 and No. 3 (hereinafter refers as Memorandum) and Stock Option Incentive Plan of China International Marine Containers (Group) Co., Ltd. (hereinafter refers as Stock Option Incentive Plan), which is legal and effective.

(2) In view that the Company has carried out the Distribution Plan 2009 as distributing RMB 1.2 for every ten shares in Jun. 2010, the Board of Directors adjusted the original exercise price under the authorization of the Shareholders' General Meeting and in line with the stipulations of Administration, Memorandum and Stock Option Incentive Plan of the Company, the details as follows:

	Equity distribution for Y2009	
	Before adjustment	After adjustment
Exercise price	12.51	12.39

After supervision, the Board of Supervisors believes that the above adjustment of the original exercise price is in line with the relevant stipulations on the adjustment of exercise price in Administration, Memorandum and Stock Option Incentive Plan, which is legal and effective.

5. In accordance with the spirit of the Circular on Carrying out Self-inspection on the Establishment and Implementation of Long-term Mechanism for Funds Occupies Prevention, the Company carried out the self-inspection and form the Self-inspection Report on the Establishment and Implementation of Long-term Mechanism for Funds Occupies Prevention, the Board of Supervisors supervised the Self-inspection Report and believes that the content of the report is objective and true; there existed no funds occupies from the main shareholders and related parties of the Company.

(II) The Board of Supervisors examined the Company's business and finance in 2010, as well as the annual financial report, the semi-annual report and other documents submitted by the Board of Directors. And it is of the opinion that the financial report has presented the Company's financial status and operating results in a factual and fair manner. In the report period, KPMG issued a standard unqualified auditor's report for the Company's Financial Report 2010. And it believes that the audit opinion issued by KPMG is objective.

Section X Significant Events

I. Significant lawsuits and arbitrations

Naught

II. Significant acquisition and sales of assets

On 16 Nov. 2009, by Bright Day Limited (hereinafter referred to as “the Offeror”), a wholly-owned subsidiary of CIMC (Hong Kong) Limited, which is in turn a wholly-owned subsidiary of the Company, and the person acting-in concert made a voluntary unconditional cash tender offer for all the shareholders of Yantai Raffles Shipyard Limited and other relevant parties. This offer was completed on 18 Jan. 2010, the subsidiary of the Company held 136,810,425 shares of Yantai Raffles Shipyard Limited, amounting for about 50.01% shares of Yantai Raffles Shipyard Limited, thus becoming the control shareholder of Yantai Raffles Shipyard Limited. The the Company joined the shares allotment and then made the proportion of shares of Yantai Raffles Shipyard Limited held increase to 50.98% after this shares allotment. For details, please refer to Public Notices on the Progress of Voluntary Unconditional Cash Tender Offer towards Yantai Raffles Shipyard Limited from the Subsidiary of China International Marine Containers (Group) Co., Ltd. and Pubic Notice on Joining in the New Share Allotment of the Subsidiary by China International Marine Containers (Group) Co., Ltd. (Public notices in China Securities Journal, Shanghai Securities, Securities Times and Ta Kung Pao on 20 Jan. 2010 and 6 Jul. 2010, Announcement No. : [CIMC] 2010-001 and [CIMC]2010-019).

III. Significant related transactions

During the reporting period, no significant related transaction occurred in 2010. For details of relevant information, please refer to “Note VI Related Party Relationships and Transactions” in the Notes to the Financial Statements.

IV. Significant contracts and execution

1. During the reporting period, the Company did not hold in trust, contract or lease any significant assets from other companies, nor did it put in trust, contract or lease its significant assets to other companies.

2. On 15 Nov. 2009, Bright Day Limited (hereinafter referred to as “the Offeror”), a wholly-owned subsidiary of CIMC (Hong Kong) Limited, which is in turn a wholly-owned subsidiary of the Company, signed the Shareholders’ Agreement with CIMC (Hong Kong) Limited, Sharp Vision Holdings Limited, Leung Kee Holdings Limited and Bright Touch Investment Limited. The Offeror made a voluntary unconditional cash tender offer for all the shareholders of YRSL other than offeror and relevant parties on offer date (16 Nov. 2009). This offer was completed on 18 Jan. 2010, the subsidiary of the Company held 136,810,425 shares of Yantai Raffles Shipyard Limited, amounting for about 50.01% shares of Yantai Raffles Shipyard Limited, thus becoming the control shareholder of Yantai Raffles Shipyard Limited. In Jul. 2010, Yantai Raffles Shipyard Limited announced to, on the basis of one additional share for every two existing shares, issue 136,782,500 shares of

renounceable non-underwritten additional shares, and the Company joined in this share allotment. The proportion of shares of Yantai Raffles Shipyard Limited held by the Company increased to 50.98% after this shares allotment. For details, please referred to the Announcement was disclosed in China Securities Journal, Shanghai Securities News, Securities Times and Ta Kung Pao on 20 Jan. 2010 and 6 Jul. 2010(Announcement No. : [CIMC] 2010-001 and [CIMC]2010-019).

3. The Company signed a strategic cooperation agreement with China Merchants Bank Co., Ltd. (hereinafter referred to as "China Merchants Bank"). According to the said agreement, China Merchants Bank intends to provide a credit line of RMB 17.7 billion to the Company and will cooperate with the Company in various business. For details, please referred to the Announcement was disclosed in China Securities Journal, Shanghai Securities News, Securities Times and Ta Kung Pao on 23 Dec. 2010 (Announcement No. : [CIMC] 2010-040).

4. Significant guarantee contracts
(1) The Company provided guarantees on operational capital for its subsidiaries. The Company is a overall listed company, who provided guarantees on operational capital within budgets for its subsidiaries for the purpose of demands of business and development. The Company signed a General Agreement on Annual Credit of Head Office with the Bank according to the annual budget approved by the Board of Directors. The various financing activities of the subsidiaries must be within the annual credit in the General Agreement. The Company, as approved by the Board of Directors, provided credit guarantee for the subsidiaries with the total annual credit. As 31 Dec. 2010, the balance of the guarantee provided by the Company for its subsidiaries was RMB 2,116.09 million. No overdue external guarantee existed in the Company and holding subsidiaries.

(2) The Company did not provide any external guarantees to its shareholders, actual controller and other related parties.

(3) As at 31 Dec. 2010, the balance of guarantee provided by the Company amounted to RMB 3,154.02 million, accounting for 19.44% of the net assets at the end of 2010, direct or indirect guarantee amount for liabilities of subsidiaries whose assets liability ratio was over 70% was RMB 720.01 million.

5. During the reporting period, the Company did not entrust any person to conduct cash assets management.

V. Special explanation and independent opinion made by Independent Directors on relevant events

(I) Special explanation and independent opinion made by Independent Directors in respect of appropriations of funds of the Company by its related parties and external guarantee
We believed that the Company has strictly followed the requirements of relevant rules and regulations to standardize the behaviors of external guarantee with perfect decision-making,

and reached the effective financial risk control. There was no behavior of external guarantee provided by the Company for its shareholders, actual controller and other related parties in the Company. Both guarantees the Company provided for its subsidiaries and guarantees CIMC Vehicle and its holding subsidiaries provided for their dealers and clients are for the sake of promoting business development of the Group and demands of products sales. The above-mentioned guarantees did not harm benefits of the Company and shareholders.

(II) Special explanation and independent opinion made by Independent Directors on the Company's derivatives investment and risk control

In our opinion, the Company strictly complied with the requirements of relevant rules and regulations issued by supervision department, as well as the principle of prudence, to standardize derivatives investment. The internal approval system and operating process on business was perfect. And risk control was valid.

VI. Performance on the stock option incentive scheme

(I) Implementation of the stock option incentive scheme of CIMC

On 28 Dec. 2009, the 16th Session of the 5th Board of Directors for year 2009 of CIMC and the 7th Session of the 5th Board of Supervisors for year 2009 of CIMC were held, at which the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft), the Appraisal Measures for Implementing Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. and the Proposal on Submitting the Shareholders' General Meeting to Authorize the Board of Directors to Transact Matters Related with Stock Option Incentive Scheme of CIMC were reviewed and approved. And the independent directors issued The Independent Opinion on the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft) by the Independent Directors.

On 1 Sep. 2010, the Company convened the 5th Session of the 6th Board of Directors for Year 2010 and the 3rd Session of the 6th Board of Supervisors for Year 2010, which reviewed and approved Proposal on Revising the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd (Draft), and amended the original incentive scheme. With unanimous review by CSRC, on 17 Sep. 2010, the 1st Special Shareholders' Meeting for Year 2010 of the Company reviewed and passed the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (hereafter referred to as Incentive Scheme of Stock Option).

The Company completed this stock option registration on 26 Jan. 2011.

The number of stock option granted to grantees in this scheme was 60 million, accounting for 2.25% of the total share capital of the Company, of which 54 million was initially granted. And the grantees were core technical (business) staff and middle management staff, amounted to 181. And the initial exercise price was RMB 12.39 per share with the grant date as 28 Sep. 2010, and the valid period of this stock option incentive scheme was ten years since the initial grant date of the stock option, which was divided into two periods to exercise, and the first exercise period was from the initial trade date after two years since the grant date to the last trade date within four years since the grant date, and it was allowed to exercise no more than 25% of the total granted stock options; the second exercise period was from the initial trade date after four years since the grant date to the last trade date of this plan, and it was allowed to exercise no more than 75% of the total stock options. The large-scale stock option incentive and the strict exercise conditions would integrate the interest of the Company and that of the staffs themselves, so as to stimulate the staffs' enthusiasm significantly, and thus input endless energy to the development of the Company.

For details, please referred to the Revised Stock Option Incentive Scheme of CIMC(Draft), (Revised) disclosed in http://www.cninfo.com.cn on 3 Sep. 2010.

(II) Performance on Equity Trust Scheme of CIMC Vehicle (Group) Co., Ltd.

1. The Shareholders' General Meeting of the Company held on 17 Oct. 2007 reviewed and approved the Proposal on Shares Trust Plan of CIMC Vehicles (Group) Co., Ltd., the Company's wholly owned subsidiary. In accordance with the plan, the Company's senior management staffs involving in the vehicles business and the core staffs of the Company's subsidiary CIMC Vehicles (Group) Co., Ltd. held 20% of this subsidiary with increasing capital as RMB 220.7 million through China Resources SZITIC Trust Co., Ltd..

2. The Shareholding Plan of Core Staffs in CIMC Vehicles (Group) Co., Ltd. was implemented in 2007 through the establishment of Shares Trust Plan, of which the first phase of distributed shares totaling 43 million shares, accounting for 19.48% in the total beneficiary shares of the Shares Trust Plan. The second phase of beneficiary shares of Shares Trust Plan of CIMC Vehicles (Group) Co., Ltd. was distributed with the total shares as 72.87 million shares, representing 33.02% in the total beneficiary shares of the Shares Trust Plan, with the number of beneficiary as 150.

As to 31 Dec. 2010, the distributed shares of Shares Trust Plan of CIMC Vehicles (Group) Co., Ltd. were 115.32 million shares, accounting for 52.25% in the total beneficiary shares of the Shares Trust Plan.

VII. Commitment made by the Company or shareholders holding more than 5% of shares and performance thereof

(I) For the relevant commitment made by the Company, please refer to the Notes to the Financial Statements.

(II) Commitment made by COSCO Container Industrial Limited in the Share Merger Reform on listing of shares subject to trading moratorium and the performance thereof

(1) COSCO Container Industries Limited committed that the original non-tradable shares held by it would not be sold at Shenzhen Stock Exchange or transferred according to relevant regulations within 12 months since the first transaction day after implementation of the share merger reform.

(2) COSCO Container Industries Limited further committed that, after expiration of the above commitment, the non-tradable shares sold through listing at Shenzhen Stock Exchange in accordance with the relevant provisions would not exceed 5% of total shares of CIMC within 12 months and not exceed 10% within 24 months.
The Board of Directors and CITIC Securities considered that up to date, COSCO Container Industries Limited has strictly performed relevant commitments in the Share Merger Reform.

VIII. Other investment events

(I) Securities investment

Unit: RMB Yuan

No.	Stock variety	Stock code	Short form of Stock	Initial investment (RMB Yuan)	Number of shareholding at the period-end (share)	Closing book value	Proportion to total securities investment at the period-end （%）	Profits and losses in the reporting period
1	A	000581	Weifu Hi-tech	24976714.19	1419710	52742226.5	13.40	27765512.32
2	A	000858	Wuliangye	98235671.43	3163623	109556264.5	27.84	11320593.06
3	B	200581	Su Weifu B	39108015.97	3367933	80513216.89	20.46	48018830.77
4	H	00368	inotrans Shipping Limited H	20988542.68	2996500	7468205.16	0.19	-1717091.22
5	S	G05.SI	GoodPack	105346054.5	13500000	142242646.9	36.15	72373195.09
Other securities investment at the period-end				2,834,425.00	-	968,440.03	0.25	315,959.98
Profit and loss from selling securities investment								15,820,000.00
Total				291,489,423.77		393,491,000.00	100.00%	173,897,000.00

(II) Equity of other listed companies held by the Company

Unit: RMB Yuan

Stock code	Short form of Stock	Initial investment	Ratio to equity of invested company (%)	Closing book value	Profits and losses in the reporting period	Change of owners' equity
600036	China Merchants Bank	25,461,492.90	0.53%	147,129,000.00	13,524,312.95	-35,182,305.08
600999	China Merchants Securities	57,517,510.73	0.90%	612,272,000.00	16,053,488.28	-183,838,694.92

OEL	Otto Energy	13,480,167.09	1.19%	9,066,000.00	-	-14,027,000.00
Total		96,459,170.72	-	768,467,000	29,577,801.23	-233,048,000

(III) Equity of Pre-IPO and unlisted financial enterprises held by the Company

Naught

(VI) Derivatives investment

Analysis on risks and control measures of derivatives positions held in the report period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	As at 31 Dec. 2010, main financial instrument held by the Company included foreign exchange forwards or option contract and interest rate swap contract. Risk of interest rate swap contract was nearly related to fluctuation of interest rate. Risk of foreign exchange forwards or option contract related to of risk from exchange rate market and certainty of future cash flow from foreign currency income. Control measures of derivative instrument showed in the following: carefully select and determine the type and amount of new derivative instrument; aimed at derivative transaction, the Company formulated strict and regular internal system of examination and approval and operation process, and defined procedure of examination and approval to control relevant risks.
Changes of market prices or fair values of the invested derivatives in the reporting period And the analysis on the fair value of the derivatives should disclose the specific use methods and the relevant assumptions and parameters.	The Group's profit and loss from change in fair value of derivative financial instrument was RMB 76,841,000 from Jan to Dec. 2010. Fire value of derivative financial instrument was recognized according to market quote from the external financial institution.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period than that of the previous reporting period	No
Specific opinion from independent directors, sponsors or financial consultants on the Company's derivatives investment and risk control	In our opinion, the Company strictly complied with the requirements of relevant rules and regulations issued by supervision department, as well as the principle of prudence, to standardize derivatives investment. The internal approval system and operating process on business was perfect. And risk control was valid.

Positions of derivatives investment as at the end of reporting period

Unit RMB Yuan

Type of contract	Opening contract amount	Closing contract amount	Profit and loss in the reporting period （RMB'0000）	Proportion of closing contract amount to net assets of the Company at the end of reporting period（%）
1. Forward foreign exchange contract	1,469,500,244.47	4,673,302,392.70	77,190,000.00	28.81%

2. Interest rate swaps	2,172,069,289.01	2,370,373,304.01	-6,974,000.00	14.61%
3. Option contracts-JPY	346,401,816.57	370,908,516.65	6,625,000.00	2.29%
Total	3,987,971,350.05	7,414,584,213.36	76,841,000.00	45.70%

IX. Engagement and disengagement of CPA Firm

During the reporting period, as approved by the Annual Shareholders' General Meeting 2009 held on 26 Apr. 2010, the Company reengaged KPMG, which has been providing auditing services for the Company for 16 consecutive years since 1994, as the Company's accountants for providing auditing to the accounting statements for 2010.

Audited items	2010		Continuous service life	2009	
	Name of CPA Firm	Remuneration paid (audit fee and travel charge)		Name of CPA Firm	Remuneration paid (audit fee and travel charge)
Preparing the consolidated financial statements of the Group in accordance with China Accounting Standard for Business Enterprise	KPMG	4.5 million	17	KPMG	4.38 million

X. During the reporting period, none of the Company, its Board of Directors and its directors was subject to administrative punishment by CSRC.

XI. Events after the balance sheet date

The change in book keeping currency

The book keeping currency of the Company and parts of its domestic subsidiaries in 2010 and previous years was US Dollar. Because the economical environment in which the Company and parts of its domestic subsidiaries was substantially affected by the change in value of Renminbi, their book keeping currency was changed into Renminbi from 1 Jan. 2011.

XII. Interviews and visits in the reporting period

During the reporting period, the Company received in aggregate 90 batches of visitors for visiting, investigation and visiting plants by various institutional investors, such as fund companies, investment companies and securities companies, and individual investors etc. The Company did not disclose, reveal or divulge to any institutional investors and individual investors any material information not generally available to the public.

Time	**Location**	**Means**	**Investors**	**Topics discussed and information provided**
4 Jan. 2010	The Company	Field research	UBS Securities	The business structure of the Company, the recent status in the

				industry, the main business status, investment progress, outlook for the industry in 2010
7 Jan. 2010	The Company	By telephone	Orient Securities Co., Ltd., Bank of China Investment Management	Ditto
7 Jan. 2010	The Company	Field research	Guangzhou Securities, Morgan Stanley Huaxin Funds	Ditto
8 Jan. 2010	The Company	Field research	Value Partners, Customers of Shenyin & Wanguo Securities	Ditto
12 Jan. 2010	The Company	Field research	Changsheng Fund Management, China Minzu Securities	Ditto
14 Jan. 2010	The Company	Field research	TX Investment Consulting, ICBC Credit Suisse Asset Management, Pacific Securities, Lord Abbett China	Ditto
14 Jan. 2010	The Company	By telephone	Guosen Securities	Ditto
15 Jan. 2010	The Company	Field research	China Universal Asset Management, Dacheng Fund	Ditto
18 Jan. 2010	The Company	Field research	Nomura Securities	Ditto
20 Jan. 2010	The Company	Field research	Harvest Fund	Ditto
26 Jan. 2010	The Company	By telephone	First Shanghai Securities	Ditto
27 Jan. 2010	The Company	By telephone	Customers of ABN AMRO	Ditto
28 Jan. 2010	The Company	Field research	E Fund, KGI, China Galaxy Securities, BNP Paribas Peregrine	Ditto
28 Jan. 2010	The Company	By telephone	Customers of CICC	Ditto
29 Jan. 2010	The Company	By telephone	Capital Securities	Ditto
24 Feb. 2010	The Company	Field research	Manulife Teda Fund Management, PingAn Securities	Ditto
25 Feb. 2010	The Company	Field research	Standard Chartered	Ditto
25 Feb. 2010	The Company	Field research	GF Securities	Ditto
26 Feb. 2010	The Company	By telephone	Nomura Securities	Ditto
26 Feb. 2010	The Company	Field research	China Post Fund, First-Trust Fund Management, UBS SDIC	Ditto
28 Feb. 2010	The Company	Field research	CLSA Asia-Pacific Markets	Ditto
5 Mar. 2010	The Company	Field research	Customers of BOC International (China) Limited	Ditto
8 Mar. 2010	The Company	By telephone	Taikang Asset Management	Ditto
11 Mar. 2010	The Company	Field research	Nikko Asset Management	Ditto

23 Mar. 2010	The Company	Tele-conference	Customers of CICC, customers of Shenyin & Wanguo	2009 Annual Report and relevant business progress
24 Mar. 2010	The Company	Field research	Morgan Stanley and its customer	The business structure of the Company, the recent status in the industry, the main business status, investment progress, outlook for the industry in 2010
25 Mar. 2010	The Company	By telephone	Dacheng Fund, Harvest Fund	Ditto
9 Apr. 2010	The Company	Field research	Manulife	Ditto
17 Apr. 2010	Yantai	Field research	Customers of Citibank	Ditto
19 Apr. 2010	The Company	Field research	China Galaxy Securities	Ditto
20 Apr. 2010	The Company	Field research	Shanghai Jianyong Investment Co., Ltd.	Ditto
22 Apr. 2010	The Company	Field research	Customers of HSBC Bank	Ditto
28 Apr. 2010	The Company	Field research	Shenyin & Wanguo Securities (HK)	Ditto
7 May 2010	The Company	Field research	Donghai Securities, CITIC Securities	Ditto
11 May 2010	The Company	Field research	Martine Currie Investment Management	Ditto
28 May 2010	The Company	Field research	Chang Xin Asset Management	Ditto
3 Jun. 2010	Shenzhen	Field research	Capital Securities	Ditto
21 Jun. 2010	The Company	Field research	Asian Century Quest, Galaxy Asset Management	Ditto
22 Jun. 2010	The Company	Field research	Customers of BNP Paribas	Ditto
23 Jun. 2010	Shenzhen	One-to-many conference	2010 Interim Strategy Conference of China Merchants Securities	Ditto
25 Jun. 2010	The Company	Field research	Gartmore	Ditto
28 Jun. 2010	The Company	Field research	Morgan Stanley, Fidelity Investments Management	Ditto
28 Jun. 2010	The Company	Field research	Morgan Stanley, Fidelity Cash Fund	Business structure, recent industry, main business status, investment progress, industry outlook for 2010
6 Jul. 2010	The Company	Field research	Aijian Securities First Capital Securities	Ditto
7 Jul. 2010	The Company	By telephone	Taiwan Yuanta Securities	Ditto
8 Jul. 2010	The Company	Field research	Tufton Ocean Fund, Huatai Securities	Ditto
12 Jul. 2010	The Company	Field research	Shanghai Zexi Investment	Ditto
13 Jul. 2010	The Company	Field research	INVESCO	Ditto
14 Jul. 2010	The Company	Field research	Standard Chartered Bank	Ditto

15 Jul. 2010	The Company	By telephone	Customers of Goldman Sachs, TPG Axon Capital	Ditto
16 Jul. 2010	The Company	Field research	TX Investment	Ditto
27 Jul. 2010	The Company	Field research	CITIC Securities	Ditto
29 Jul. 2010	The Company	Field research	JP Morgan	Ditto
29 Jul. 2010	The Company	Field research	GTJA Securities	Ditto
30 Jul. 2010	The Company	Field research	Guosen Securities	Ditto
5 Aug. 2010	The Company	By telephone	Customers of BNP	Ditto
12 Aug. 2010	The Company	By telephone	Everbright Pramerica Fund (Taiwan)	Ditto
31 Aug. 2010	The Company, eastern factory	Field research	Hai Tong Securities, Bank Fund	Ditto
3 Sep. 2010	The Company	Field research	First State Cinda Fund	Ditto
6 Sep. 2010	The Company	Field research	Yimin Securities	Ditto
7 Sep. 2010	The Company	Field research	KGI Capital Asia Limited	Ditto
10 Sep. 2010	The Company	Field research	Macquarie Securities	Ditto
13 Sep. 2010	The Company	Field research	Shenyin & Wanguo Securities	Ditto
13 Sep. 2010	The Company	Field research	Changjiang Securities	Ditto
15 Sep. 2010	The Company	Field research	Fuh Hwa Securities Investment Trust, CPIC	Ditto
27 Sep. 2010	Yantai Raffles	Field research	Shenyin & Wanguo, Guosen Securities, Ping An Securities, Essence Securities, Sinolink Securities, China Merchants Securities, Hai Tong Securities, E-Fund, GF Securities, Hua An Fund, Fortune SGAM Fund, Yinhua Fund, Great Wall Fund, ICBC Credit Suisse, Fullgoal Fund, China Post Fund, Lombarda China Fund, Tianhong Fund, Changxin Fund, Taikang Asset, Pacific Assets, Rising Investment, Yongjin Asset, Morgan Stanley, Macquarie Capital Securities, China AMC, Runhui Investment, Changsheng Fund, CCIG, Harvest Fund, Galaxy Fund, Penghua Fund	Business structure of the Company's marine industry, recent industry, progress situation of major orders, investment progress, industry outlook for the second of 2010 and 2011
29 Sep. 2010	The Company	Field research	New silk road	Business structure, recent industry, main business status, investment progress, industry outlook for the

				second of 2010 and 2011
12 Oct. 2010	The Company	Field research	Guosen Securities	Business structure, recent industry, main business status, investment progress, industry outlook for the second of 2010 and 2011
13 Oct. 2010	The Company	Field research	E Fund, UBS	Ditto
22 Oct. 2010	The Company	Field research	Aisawa Securities, China Merchants Securities	Ditto
28 Oct. 2010	The Company	By telephone	Customers of Citibank	Ditto
28 Oct. 2010	Yantai CIMC Raffles Shipyard Limited	Field research	Taihe Investment ,E Fund, Individual Investors	Ditto
2 Nov. 2010	The Company	Field research	China Merchants Fund	Ditto
4 Nov. 2010	The Company	Field research	Invesco HK、Customers of Guosen Securities	Ditto
5 Nov. 2010	The Company	Field research	Mitsui Life Insurance	Ditto
9 Nov. 2010	The Company	Field research	Changjiang Pension Insurance	Ditto
10 Nov. 2010	The Company	Field research	China Southern Fund	Ditto
24 Nov. 2010	The Company	One-to-many conference	Customers of Morgan Stanley	Ditto
25 Nov. 2010	Sanya	One-to-many conference	Customers of Shenyin & Wanguo	Ditto
26 Nov. 2010	The Company	Field research	Jefferies	Ditto
30 Nov. 2010	The Company	Field research	China Merchants Securities	Ditto
3 Dec. 2010	The Company, eastern factory	Field research	GF Securities	Ditto
6 Dec. 2010	The Company	By telephone	Harvest Fund	Ditto
7 Dec. 2010	The Company	Field research	Everbright Securities	Ditto
8 Dec. 2010	The Company	Field research	CICC	Ditto
14 Dec. 2010	The Company	Field research	GF Securities	Ditto
17 Dec. 2010	The Company	Field research	Harvest Fund	Ditto
17 Dec. 2010	The Company	Field research	CICC Securities	Ditto
20 Dec. 2010	The Company	Field research	KB Asset Management	Ditto
23 Dec. 2010	The Company	Field research	Industrial Securities	Ditto

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

ENGLISH VERSION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2010 TO 31 DECEMBER 2010
IF THERE IS ANY CONFLICT OF MEANING BETWEEN THE CHINESE AND ENGLISH VERSIONS, THE CHINESE VERSION WILL PREVAIL

Auditors' Report

KPMG-C (2011) AR No.0039

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

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2010, the consolidated income statement and income statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity, the consolidated cash flow statement and cash flow statement for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Auditors' Report (continued)

KPMG-C (2011) AR No.0039

Opinion

In our opinion, the financial statements comply with the requirements of China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2010, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended.

KPMG Huazhen	Certified Public Accountants Registered in the People's Republic of China
Beijing, the People's Republic of China	Lei Iun Mei
	Liang Jiebing
	21 March 2011

China International Marine Containers (Group) Co., Ltd.
Consolidated balance sheet as at 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Current assets:					
Cash at bank and on hand	V.1	706,511	4,655,696	771,685	5,269,217
Financial assets held for trading	V.2	79,770	525,661	16,604	113,337
Bills receivable	V.3	77,179	508,585	247,627	1,690,845
Accounts receivable	V.4	1,233,719	8,129,836	565,684	3,862,604
Prepayments	V.6	369,280	2,433,447	157,224	1,073,559
Interest receivable		718	4,732	-	-
Other receivables	V.5	339,359	2,236,272	164,537	1,123,489
Inventories	V.7	2,037,080	13,423,747	989,070	6,753,566
Non-current assets due within one year	V.8	179,902	1,185,502	57,707	394,036
Other current assets	V.9	104,410	688,030	37,292	254,677
Total current assets		5,127,928	33,791,508	3,007,430	20,535,330
Non-current assets:					
Available-for-sale financial assets	V.10	116,616	768,467	172,196	1,175,785
Long-term receivables	V.11	202,780	1,336,257	145,271	991,942
Long-term equity Investments	V.12	234,962	1,548,332	282,770	1,930,811
Investment property	V.13	11,739	77,356	11,073	75,606
Fixed assets	V.14	1,518,501	10,006,466	1,126,949	7,695,033
Construction in progress	V.15	257,624	1,697,664	83,956	573,269
Intangible assets	V.16	488,424	3,218,571	406,788	2,777,626
Goodwill	V.17	177,336	1,168,594	176,697	1,206,522
Long-term deferred expenses	V.18	4,246	27,978	4,469	30,513
Deferred tax assets	V.19	74,275	489,456	53,593	365,946
Total non-current assets		3,086,503	20,339,141	2,463,762	16,823,053
Total assets		8,214,431	54,130,649	5,471,192	37,358,383

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated balance sheet as at 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Current liabilities:					
Short-term loans	V.22	1,260,954	8,309,309	608,869	4,157,477
Financial liabilities held for trading	V.23	578	3,810	58	395
Bills payable	V.24	385,241	2,538,623	179,563	1,226,091
Accounts payable	V.25	1,383,599	9,117,500	653,504	4,462,255
Advances from customers	V.26	293,751	1,935,731	186,082	1,270,602
Employee benefits payable	V.27	207,222	1,365,532	119,127	813,425
Taxes payable	V.28	119,756	789,155	91,241	623,011
Interest payable	V.29	1,998	13,168	1,295	8,844
Dividends payable	V.30	2,435	16,046	4,604	31,434
Other payables	V.31	362,438	2,388,367	216,294	1,476,903
Provisions	V.32	98,574	649,573	75,687	516,801
Non-current liabilities due within one year	V.33	431,662	2,844,521	66,705	455,472
Other current liabilities				-	-
Total current liabilities		4,548,208	29,971,335	2,203,029	15,042,710
Non-current liabilities					
Financial liabilities held for trading	V.23	23,414	154,292	22,647	154,641
Long-term loans	V.34	593,676	3,912,148	821,382	5,608,560
Special payables	V.35	2,495	16,442	1,997	13,639
Provisions	V.32	-	-	6,060	41,381
Deferred tax liabilities	V.19	86,933	572,866	79,190	540,722
Long-term payables	V.36	18,037	118,858	-	-
Other non-current liabilities	V.37	27,013	178,008	19,053	130,099
Total non-current liabilities		751,568	4,952,614	950,329	6,489,042
Total liabilities		5,299,776	34,923,949	3,153,358	21,531,752

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated balance sheet as at 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Shareholders' equity					
Share capital	V.38	328,872	2,662,396	328,872	2,662,396
Capital reserve	V.39	185,516	1,349,420	216,389	1,557,703
Surplus reserve	V.40	434,170	3,577,588	434,170	3,577,588
Retained earnings	V.41	1,412,800	10,689,335	1,047,547	8,229,532
Translation differences of financial statements denominated in foreign currency		100,532	(2,055,682)	52,371	(1,829,011)
Total equity attributable to shareholders of the Company		2,461,890	16,223,057	2,079,349	14,198,208
Minority interests		452,765	2,983,643	238,485	1,628,423
Total equity		2,914,655	19,206,700	2,317,834	15,826,631
Total liabilities and Shareholders' equity		8,214,431	54,130,649	5,471,192	37,358,383

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Current assets					
Cash at bank and on hand	XII.1	63,727	419,945	93,398	637,738
Financial assets held for trading	XII.2	24,629	162,298	-	-
Dividends receivable	XII.3	643,950	4,243,437	693,576	4,735,874
Other receivables	XII.4	633,590	4,175,168	771,156	5,265,606
Bills receivable		4,704	31,000	-	-
Total current assets		1,370,600	9,031,848	1,558,130	10,639,218
Non-current assets					
Available-for-sale financial assets	XII.5	115,241	759,401	154,077	1,052,070
Long-term equity Investments	XII.6	555,788	3,662,478	436,147	2,978,100
Fixed assets		21,957	144,692	19,469	132,936
Construction in progress		3,828	25,224	3,208	21,906
Intangible assets		3,507	23,109	4,576	31,249
Long-term deferred expenses		759	4,999	1,138	7,770
Total non-current assets		701,080	4,619,903	618,615	4,224,031
Total assets		2,071,680	13,651,751	2,176,745	14,863,249

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Current liabilities					
Short-term loans	XII.7	72,977	480,897	94,690	646,564
Financial liabilities held for trading	XII.8	84	556	-	-
Billss payable	XII.9	30,350	200,000	-	-
Employee benefits Payable	XII.10	55,886	368,275	34,019	232,286
Taxes payable	XII.11	8,966	59,080	36,439	248,814
Interest payable		838	5,522	538	3,673
Other payables		1,428	9,407	3,843	26,234
Non-current liabilities due within one year	XII.12	414,185	2,729,353	57,678	393,839
Total current liabilities		584,714	3,853,090	227,207	1,551,410
Non-current liabilities					
Financial liabilities held for trading	XII.8	20,767	136,846	21,268	145,224
Long-term loans	XII.13	375,340	2,473,381	743,787	5,078,728
Deferred tax liabilities	XII.14	7,632	50,291	19,936	136,128
Total non-current Liabilities		403,739	2,660,518	784,991	5,360,080
Total liabilities		988,453	6,513,608	1,012,198	6,911,490

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
Shareholders’ equity					
Share capital	V.38	328,872	2,662,396	328,872	2,662,396
Capital reserve	XII.15	112,162	852,264	141,809	1,045,202
Surplus reserve	V.40	434,170	3,577,588	434,170	3,577,588
Retained earnings		208,023	1,579,889	259,696	1,932,874
Translation differences of financial statements denominated in foreign currency		-	(1,533,994)	-	(1,266,301)
Total equity		1,083,227	7,138,143	1,164,547	7,951,759
Total liabilities and Shareholders’ equity		2,071,680	13,651,751	2,176,745	14,863,249

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated income statement
for the year ended 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
I.Operating income	V.42	7,673,359	51,768,316	2,997,659	20,475,507
II.Operating costs	V.42	6,462,286	43,597,815	2,547,655	17,401,760
Business taxes and Surcharges	V.43	11,397	76,892	7,563	51,658
Selling and distribution expenses	V.44	185,317	1,250,243	106,536	727,693
General and administrative expenses	V.45	405,301	2,734,364	289,303	1,976,074
Financial expenses	V.46	99,279	669,783	19,184	131,037
Impairment loss	V.49	40,704	274,610	57,987	396,081
Add: Gains / (losses) from changes in fair value	V.47	34,821	234,918	(5,664)	(38,689)
Add: Investment income	V.48	5,728	38,641	229,552	1,567,955
Including: Income from investment in associates and jointly controlled enterprises		15,258	102,938	15,217	103,938
III.Operating profit		509,624	3,438,168	193,319	1,320,470
Add: Non-operating Income	V.50	43,284	292,019	25,263	172,561
Less: Non-operating Expenses	V.51	8,238	55,580	4,047	27,646
Including: Losses from disposal of non-current assets		3,046	20,551	643	4,392
IV.Profit before income tax		544,670	3,674,607	214,535	1,465,385
Less: Income tax expenses	V.52	122,100	823,748	56,317	384,674
V.Net profit for the year		422,570	2,850,859	158,218	1,080,711
Attributable to: Shareholders of the Company		444,949	3,001,851	140,394	958,967
Minority shareholders		(22,379)	(150,992)	17,824	121,744

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated income statement
for the year ended 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
VI.Earnings per share:					
Basic earnings per share (USD / RMB)	V.53	0.17	1.13	0.05	0.36
Diluted earnings per share (USD / RMB)	V.53	0.17	1.13	0.05	0.36
VII.Other comprehensive income for the year	V.54	15,659	(536,354)	14,226	105,051
VIII.Total comprehensive income for the year		438,229	2,314,505	172,444	1,185,762
Attributable to: Shareholders of the Company		453,219	2,506,058	140,412	966,171
Minority interests		(14,990)	(191,553)	32,032	219,591

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Income statement for the year ended 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
I.Operating income		223	1,503	188	1,284
Less: Operating costs		12	81	40	272
General and administrative Expenses		46,833	315,962	18,622	127,203
Financial expenses		1,169	7,884	1,157	7,902
Add: Gains from changes in fair value	XII.16	7,214	48,668	8,787	60,020
Investment income	XII.17	26,443	178,396	248,305	1,696,049
II.Operating (loss) / profit		(14,134)	(95,360)	237,461	1,621,976
Add: Non-operating Income		3,850	25,973	1,961	13,397
Less: Non-operating Expenses		71	469	15,392	105,137
Including:Losses from disposal of non-current assets		1	9	73	500
III.(Loss) / profit before income tax		(10,355)	(69,856)	224,030	1,530,236
Less: Income tax expenses	XII.18	(5,389)	(36,359)	38,448	262,616
IV.Net (loss) / profit for the Year		(4,966)	(33,497)	185,582	1,267,620
VI.Other comprehensive income for the year	XII.19	(33,513)	(486,714)	(10,667)	(69,270)
VII.Total comprehensive income for the year		(38,479)	(520,211)	174,915	1,198,350

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
I.Cash flows from operating activities:					
Cash received from sale of goods and rendering of services		7,986,953	53,883,978	3,373,596	23,043,347
Refund of taxes		237,172	1,600,081	85,391	583,263
Cash received relating to other operating activities	V.55(1)	29,605	199,730	44,256	302,291
Sub-total of cash inflows		8,253,730	55,683,789	3,503,243	23,928,901
Cash paid for goods and services		6,972,828	47,042,184	2,547,097	17,397,946
Cash paid to and for employees		522,568	3,525,509	285,634	1,951,023
Cash paid for all types of taxes		161,778	1,091,435	149,994	1,024,534
Cash paid relating to other operating activities	V.55(2)	376,753	2,541,760	378,554	2,585,713
Sub-total of cash outflows		8,033,927	54,200,888	3,361,279	22,959,216
Net cash inflow / (outflow) from operating activities	V.56(1)	219,803	1,482,901	141,964	969,685
II.Cash flows from investing activities:					
Cash received from disposal of investments		15,632	105,461	238,675	1,630,270
Cash received from return on investments		7,061	47,637	3,885	26,536
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,958	67,182	8,246	56,324
Cash received from disposal of Subsidiaries		3,124	21,076	-	-
Cash received relating to other investing activities	V.55(3)	9,522	64,240	13,167	89,937
Sub-total of cash inflows		45,297	305,596	263,973	1,803,067
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		312,749	2,116,817	200,640	1,370,472
Cash paid for acquisition of investments		86,304	582,250	57,466	392,522
Cash paid for acquisition of subsidiaries	V.56(2)	50,943	336,831	5,456	37,278
Sub-total of cash outflows		449,996	3,035,898	263,562	1,800,272
Net cash (outflow) / inflow from investing activities		(404,699)	(2,730,302)	411	2,795

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
III.Cash flows from financing activities					
Cash received from investors		14,459	97,548	1,659	11,332
Including: Cash received from minority shareholders of subsidiaries		14,459	97,548	1,659	11,332
Cash received from borrowings		2,982,427	20,120,944	1,325,424	9,053,309
Cash received relating to other financing activities	V.55(4)	32,118	216,684	-	-
Sub-total of cash inflows		3,029,004	20,435,176	1,327,083	9,064,641
Cash repayments of borrowings		2,833,919	19,119,035	1,153,893	7,881,666
Cash paid for dividends, profits distribution or interest		124,321	838,732	96,938	662,135
Including: Dividends and profits paid to minority shareholders of subsidiaries		8,309	56,057	4,288	29,279
Sub-total of cash outflows		2,958,240	19,957,767	1,250,831	8,543,801
Net cash inflow from financing activities		70,764	477,409	76,252	520,840
IV.Effect of foreign exchange rate changes on cash and cash equivalents		46,519	170,882	11,709	81,030
V.Net (decrease) / increase in cash and cash equivalents	V.56(1)	(67,613)	(599,110)	230,336	1,574,350
Add: Cash and cash equivalents at the beginning of the year		643,878	4,396,525	413,542	2,822,175
VI.Cash and cash equivalents at the end of the year		576,265	3,797,415	643,878	4,396,525

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Cash flow statement for the year ended 31 December 2010

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
I.Cash flows from operating activities:					
Cash received relating to other operating activities		1,265,075	8,533,690	1,040,621	7,107,962
Cash paid to and for employees		11,570	78,051	9,444	64,504
Cash paid for all types of taxes		32,394	218,517	24,962	170,503
Other cash paid relating to operating activities		1,144,568	7,720,814	1,114,255	7,610,919
Sub-total of cash outflows		1,188,532	8,017,382	1,148,661	7,845,926
Net cash inflow / (outflow) from operating activities	XII.20	76,543	516,308	(108,040)	(737,964)
II.Cash flows from investing activities:					
Cash received from disposal of investments		12,492	84,266	236,773	1,617,278
Cash received from return on investments		70,102	472,880	72,750	496,919
Net cash received from disposal of fixed assets		15	101	11	75
Net cash received from dsposal of subsidiary		2,296	15,488	-	-
Cash received relating to other investing activities		35,609	240,217	30,413	207,737
Sub-total of cash inflows		120,514	812,952	339,947	2,322,009
Cash paid for acquisition of fixed assets and other long-term assets		5,314	35,846	4,345	29,679
Cash paid for acquisition of investments		31,400	211,812	168,431	1,150,468
Cash paid for subsidiay establishment		10,987	74,118	-	-
Sub-total of cash outflows		47,701	321,776	172,776	1,180,147
Net cash inflow from investing activities		72,813	491,176	167,171	1,141,862

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Cash flow statement for the year ended 31 December 2010 (continued)

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Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
III.Cash flows from financing activities:					
Cash received from borrowings and subtotal of cash inflows		258,468	1,743,522	360,272	2,460,838
Cash repayments of borrowings		292,121	1,970,531	383,977	2,622,755
Cash paid for dividends, profits distribution or interest		72,517	489,171	78,293	534,654
Sub-total of cash outflows		364,638	2,459,702	462,270	3,157,409
Net cash outflow from financing activities		(106,170)	(716,180)	(101,998)	(696,571)
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-	(11,523)	-	203
V.Net increase / (decrease) in cash and cash equivalents	XII.20	43,186	279,781	(42,867)	(292,470)
Add: cash and cash equivalents at the beginning of the year		20,164	137,680	63,031	430,150
VI.Cash and cash equivalents at the end of the year	XII.20	63,350	417,461	20,164	137,680

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2010

USD'000

Item	Note	2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominate d in foreign currency	Minority interests	Total equity
I.Balance at 1 January		328,872	216,389	434,170	1,047,547	52,371	238,485	2,317,834	328,872	186,386	434,170	965,638	52,711	220,612	2,188,389
II.Changes in equity for the year															
(I)Net profit for the year		-	-	-	444,949	-	(22,379)	422,570	-	-	-	140,394	-	17,824	158,218
(II)Other comprehensive income for the year	V.54	-	(39,891)	-	-	48,161	7,389	15,659	-	358	-	-	(340)	14,208	14,226
Sub-total of (I)&(II)		-	(39,891)	-	444,949	48,161	(14,990)	438,229	-	358	-	140,394	(340)	32,032	172,444
(III)Shareholders' contributions and decrease of capital															
1.Contributions by minority Shareholders		-	-	-	-	-	14,459	14,459	-	-	-	-	-	16,009	16,009
2.Acquisition of minority interests of subsidiary		-	189	-	-	-	(189)	-	-	28,862	-	-	-	(27,283)	1,579
3. Increase in minority interests resulted from acquisition of subsidiary		-	-	-	-	-	226,591	226,591	-	-	-	-	-	1,034	1,034
4.Decrease in minority interests resulted from disposal of subsidiary		-	-	-	-	-	(2,069)	(2,069)	-	-	-	-	-	-	-
5.Decrease in retained earnings resulted from acquisition of minority interests		-	-	-	(32,989)	-	(5,011)	(38,000)	-	-	-	-	-	-	-
6.Increase in shareholders' equity resulted from share-based payments		-	8,829	-	-	-	1,629	10,458	-	783	-	-	-	217	1,000

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2010 (continued)

USD'000

Item	Note	2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominate d in foreign currency	Minority interests	Total equity
(IV)Appropriation of profits															
1.Distributions to shareholders	V.41 (1)	-	-	-	(46,707)	-	(6,140)	(52,847)	-	-	-	(58,485)	-	(4,136)	(62,621)
III.Balance at 31 December		328,872	185,516	434,170	1,412,800	100,532	452,765	2,914,655	328,872	216,389	434,170	1,047,547	52,371	238,485	2,317,834

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative's authorised person

The person in charge of accounting affairs

The head of the accounting department

Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2010 (continued)

RMB'000

Item	Note	2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
I.Balance at 1 January		2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631	2,662,396	1,352,772	3,577,588	7,669,924	(1,833,779)	1,505,547	14,934,448
II.Changes in equity for the Year															
(I) Net profit for the year		-	-	-	3,001,851	-	(150,992)	2,850,859	-	-	-	958,967	-	121,744	1,080,711
(II)Other comprehensive income for the year	V.54	-	(269,122)	-	-	(226,671)	(40,561)	(536,354)	-	2,436	-		4,768	97,847	105,051
Sub-total of (I)&(II)		-	(269,122)	-	3,001,851	(226,671)	(191,553)	2,314,505	-	2,436	-	958,967	4,768	219,591	1,185,762
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority Shareholders		-	-	-	-	-	97,548	97,548	-	-	-	-	-	109,353	109,353
2. Acquisition of minority interests of subsidiary		-	1,274	-	-	-	(1,274)	-	-	197,148	-	-	-	(189,367)	10,781
3. Increase in minority interests resulted from acquisition of subsidiary		-	-	-	-	-	1,528,694	1,528,694	-	-	-	-	-	7,063	7,063
4. Decrease in minority interests resulted from disposal of subsidiary		-	-	-	-	-	(13,956)	(13,956)	-	-	-	-	-	-	-
5.Decrease in retained earings resulted from acquisition of minority interest	V.41(2)	-	-	-	(222,560)	-	(33,803)	(256,363)	-	-	-	-	-	-	-
6. Increase in shareholders' equity resulted from share-based payments	VII.2	-	59,565	-	-	-	10,991	70,556	-	5,347	-	-	-	1,485	6,832

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2010 (continued)

RMB'000

Item	Note	2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
(IV)Appropriation of profits															
1. Distributions to shareholders	V.41(1)	-	-	-	(319,488)	-	(41,427)	(360,915)	-	-	-	(399,359)	-	(28,249)	(427,608)
III.Balance at 31 December		2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700	2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative's authorised person | The person in charge of accounting affairs | The head of the accounting department | Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Statement of changes in shareholders’ equity
for the year ended 31 December 2010

USD’000

Item	Note	2010					2009				
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
I.Balance at 1 January		328,872	141,809	434,170	259,696	1,164,547	328,872	152,476	434,170	132,599	1,048,117
II.Changes in equity for the year		-	-	-	-	-					
(I) Net (losses)/ profit for the year		-	-	-	(4,966)	(4,966)	-	-	-	185,582	185,582
(II)Other comprehensive income for the year	XII.19	-	(33,513)	-	-	(33,513)	-	(10,667)	-	-	(10,667)
Sub-total of (I)&(II)		-	(33,513)	-	(4,966)	(38,479)	-	(10,667)	-	185,582	174,915
(III)Shareholders’ contributions and decrease of capital		-	-	-	-	-					
1.Increase in shareholders’ equity resulted from share-based payment	VII	-	3,866	-	-	3,866	-	-	-	-	-
(IX) Appropriation of profits		-	-	-	-	-					
1.Distribution to shareholders	V.41(1)	-	-	-	(46,707)	(46,707)	-	-	-	(58,485)	(58,485)
III.Balance at 31 December		328,872	112,162	434,170	208,023	1,083,227	328,872	141,809	434,170	259,696	1,164,547

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Legal representative’s authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Statement of changes in shareholders' equity
for the year ended 31 December 2010 (continued)

RMB'000

Item	Note	2010						2009					
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total
I.Balance at 1 January		2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759	2,662,396	1,118,064	3,577,588	1,064,613	(1,269,893)	7,152,768
II.Changes in equity for the year													
(I) Net (losses)/ profit for the year		-	-	-	(33,497)	-	(33,497)	-	-	-	1,267,620	-	1,267,620
(II) Other comprehensive income for the year	XII.19	-	(219,021)	-	-	(267,693)	(486,714)	-	(72,862)	-	-	3,592	(69,270)
Sub-total of (I)&(II)		-	(219,021)	-	(33,497)	(267,693)	(520,211)	-	(72,862)	-	1,267,620	3,592	1,198,350
(III)Shareholders' contributions and decrease of capital													
1.Increase in shareholders' equity resulted from share-based payment	VII.2	-	26,083	-	-	-	26,083	-	-	-	-	-	-
(IX)Appropriation of profits													
1.Appropriation for surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-
2.Distribution to shareholders	V.41 (1)	-	-	-	(319,488)	-	(319,488)	-	-	-	(399,359)	-	(399,359)
III.Balance at 31 December		2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143	2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759

These financial statements have been approved by the Board of Directors of the Company on 21 March 2010.

Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages 20 to 250 form part of these financial statements.

I COMPANY STATUS

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". Up to 31 December 2010, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.38 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

II. BASIS OF PREPARATION

1. BASIS OF FINANCIAL REPORTING

The financial statements have been prepared on the basis that the Company will continue to operate throughout the next accounting period until 31 December 2011 as a going concern.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises—Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements present truly and completely the consolidated financial position and financial position, the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2010.

3. ACCOUNTING PERIOD

The accounting year of the Group is from 1 January to 31 December.

4. FUNCTIONAL CURRENCY

The Company's functional currency is U.S dollar, while certain domestic subsidiaries use Renminbi ("RMB") and Hong Kong and certain overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency. The Group determines its functional currency based on its major currency in business transactions. The financial statements are prepared using U.S dollars and presented in both U.S dollar and RMB. For subsidiaries using currencies other than U.S dollar as their functional currencies, the Company translates the financial statements of these subsidiaries into U.S dollars (see Note II.8).

5. ACCOUNTING TREATMENTS FOR BUSINESS COMBINATIONS INVOLVING ENTERPRISES UNDER AND THOSE NOT UNDER COMMON CONTROL

(1) Business combinations involving enterprises under common control

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

(2) Business combinations involving enterprises not under common control

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

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

The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date.

5. ACCOUNTING TREATMENTS FOR BUSINESS COMBINATIONS INVOLVING ENTERPRISES UNDER AND THOSE NOT UNDER COMMON CONTROL (CONTINUED)

(2) Business combinations involving enterprises not under common control (continued)

In a business combination, the acquiree's deductible temporary differences obtained by the Group are not recognised if the deductible temporary differences do not satisfy the criteria for recognition of deferred tax assets at the acquisition date. The Group recognises the relevant deferred tax assets and reduces goodwill accordingly if within 12 months of the acquisition date, new or updated information indicates that at the acquisition date, the obtained deferred tax benefit is expected to be realised in future periods. If the goodwill is insufficient to be deducted, any remaining deferred tax benefits shall be recognised in profit or loss for the current period. All other acquired deferred tax benefit shall be included in profit or loss for the current period.

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial statements 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. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amount from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into consolidated financial statements from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of 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 remaining equity investment is remeasured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognised as investment income for the current period when control is lost. The amount recognised in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

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.

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change 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 are recognised in profit or loss, except those arising from the principal and interest on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets (see Note II.16). 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 exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which is recognised in capital reserve.

8. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCY (CONTINUED)

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

9. FINANCIAL INSTRUMENTS

Financial instruments include cash at bank and on hand, derivatives, investments in debt and equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans and borrowings and share capital.

(1) Financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

  A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

9. FINANCIAL INSTRUMENTS

(1) Financial assets and financial liabilities (continued)

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading) (continued)

  Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables

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

  Subsequent to initial recognition, receivables are stated at amortised cost using the effective interest method.

- Available-for-sale financial assets

  Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

  An investment in equity instrument which does not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost subsequent to initial recognition.

  Other than investments in equity instruments whose fair value cannot be measured reliably as described above, subsequent to initial recognition, other available-for-sale financial assets are measured at fair value and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is removed from equity and recognised in profit or loss. Dividend income from these equity instruments is recognised in profit or loss when the investee declares the dividends.

- Other financial liabilities

  Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

9. FINANCIAL INSTRUMENTS

(1) Financial assets and financial liabilities (continued)

- Other financial liabilities (continued)

  Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingent liabilities (see Note II.21).

  Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

- the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(2) Determination of fair values

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price and, for a financial asset to be acquired or a financial liability assumed, it is the current asking price.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same. The Group calibrates the valuation technique and tests it for validity periodically.

9. FINANCIAL INSTRUMENTS (CONTINUED)

(3) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided.

Objective evidences that a financial asset is impaired includes but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10, The impairment of other financial assets are measured as follows:

9. FINANCIAL INSTRUMENTS (CONTINUED)

(4) Impairment of financial assets (continued)

- Available-for-sale financial assets

  Available-for-sale financial assets are assessed for impairment on an individual basis. 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 removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

  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 not reversed through profit or loss.

(5) Equity investments

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

The consideration received from the issuance of equity instruments net of transaction costs is recognised in share capital and capital reserve.

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

10. IMPAIRMENT OF RECEIVABLES

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

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

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

II. BASIS OF PREPARATION (CONTINUED)

10. IMPAIRMENT OF RECEIVABLES (CONTINUED)

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

(a) Receivables that are individually significant and are assessed for impairment on an individual basis:

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

(b) Receivable that are individually insignificant but are assessed for impairment on an individual basis:

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

10. IMPAIRMENT OF RECEIVABLES (CONTINUED)

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

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

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers
Group 3	Tank equipments
Group 4	Other business
Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a parentage of the total balance and others).	
Containers	Provision is determined based on an ageing analysis.
Trailers	Provision is determined based on an ageing analysis.
Tank equipments	Provision is determined based on an ageing analysis.
Other business	Provision is determined based on an ageing analysis.

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

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

Note: Aforesaid ageing group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

11. INVENTORIES

(1) Classification

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

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

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

Inventories are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Inventories are initially measured at their actual cost. 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.

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 as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

11. INVENTORIES (CONTINUED)

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

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

(1) Investment cost

(a) Long-term equity investments acquired through a business combination

- The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified to profit or loss as investment income when the equity investment is disposed of.
- For other long-term equity investments obtained through a business combination involving enterprises not under common control, the initial investment cost represents the aggregate of the fair values of assets transferred, liabilities assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired otherwise than through a business combination

- An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profits distribution declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see NoteII.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see NoteII.12(3)).

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note II.28).

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement (continued)

(b) Investment in jointly controlled enterprises and associates (continued)

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

  The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

- The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement (continued)

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;
- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

II. BASIS OF PREPARATION (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) Basis for determining the existence of joint control or significant influence over an investee (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. INVESTMENT PROPERTY

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment. Investment property is depreciated or amortised using the straight line method over its estimated useful life, unless the investment property is classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

13. INVESTMENT PROPERTY (CONTINUED)

The useful lives and estimated residual values of each class of investment property are as follows:

	useful life	residual value rate	Depreciation / Amortisation rate
Land use rights	29 - 50 years	-	2% - 3.4%
Plant and buildings	20 - 30 years	10%	3 - 4.5%

14. FIXED ASSETS

(1) Recognition

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

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

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

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition 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.

14. FIXED ASSETS (CONTINUED)

(2) Depreciation

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

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

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

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

(4) Criteria of recognition and method of measuring for fixed assets under a finance lease

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

(5) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

15. CONSTRUCTION IN PROGRESS

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.

16. BORROWING COSTS (CONTINUED)

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

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

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

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

17. INTANGIBLE ASSETS

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

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

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

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 the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

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.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. GOODWILL

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

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. LONG-TERM DEFERRED EXPENSE

Long-term deferred expenses are amortised on a straight-line method within the beneficial period:

Item	Amortisation period
Water and electricity capacity enlargement expenses	5-10 years
Rental	2-10 years
Others	5-10 years

20. IMPAIRMENT OF ASSETS OTHER THAN INVENTORIES, FINANCIAL ASSETS AND OTHER LONG-TERM INVESTMENTS

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- investment property measured using a cost model
- long-term equity investments in subsidiaries, associates and jointly controlled entities
- goodwill

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

20. IMPAIRMENT OF ASSETS OTHER THAN INVENTORIES, FINANCIAL ASSETS AND OTHER LONG-TERM INVESTMENTS (CONTINUED)

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group’s operations and how management makes decisions about continuing or disposing of the Group’s assets.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, that the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

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 payments transactions in the Group are equity-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.

22. SHARE-BASED PAYMENTS (CONTINUED)

(4) Accounting treatment for share-based payment

- equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees 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.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as an equity-settled share-based payment transaction when the Group has no obligation to settle the transaction.

23. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

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

- The significant risks and rewards of ownership of goods have been transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

23. REVENUE RECOGNITION (CONTINUED)

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the progress of work performed

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of the physical construction work completed to the total estimated construction work.

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;
- If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

- Client accepts and confirms the increased amount generated by contract alteration;
- Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

II. BASIS OF PREPARATION (CONTINUED)

23. REVENUE RECOGNITION (CONTINUED)

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

24. EMPLOYEE BENEFITS

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in cost of relevant assets or expenses in the current period.

(1) Pension benefits

Pursuant to the relevant laws and regulations of the PRC, the Group has joined a basic pension insurance for the employees arranged by local Labour and Social Security Bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to profit or loss on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment of the basic pension benefits to the retired employees. The Group does not have any other obligations in this respect.

(2) Housing fund and other social insurances

Besides the pension benefits, pursuant to the relevant laws and regulations of the PRC, the Group has joined defined social security contributions for employees, such as a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the housing fund and other social insurances mentioned above at the applicable rate(s) based on the employees' salaries. The contributions are recognised as cost of assets or charged to profit or loss on an accrual basis.

(3) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts have expired, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided, is recognised in profit or loss when both of the following conditions have been satisfied:

- The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly

24. EMPLOYEE BENEFITS (CONTINUED)

(3) Termination benefits (continued)

- The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. GOVERNMENT GRANTS

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. DEFERRED TAXED ASSETS AND 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). Deferred tax is not recognised for taxable temporary differences 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.

26. DEFERRED TAXED ASSETS AND 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. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and
- they relate to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities which either to intend to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. OPERATING AND FINANCE LEASES

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred or not. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

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

(2) Assets leased out under operating leases

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

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair values and the present value of the minimum lease payments, each determined at the inception of the lease. 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 policies of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented into long-term payables and non-current liabilities due within one year, respectively in the balance sheet.

(4) Assets leased out under finance leases

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

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

The Group makes provision for impairment losses of finance lease receivables (see Note II.10).

The unguaranteed residual values are reviewed at least each year-end. Any excess of the carrying amount of the unguaranteed residual values over their estimated recoverable amounts is recognised as impairment loss. If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount of the unguaranteed residual values is greater than its carrying amount, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement.

28. ASSETS HELD FOR SALE

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment property subsequently measured using the cost model, long-term equity investment etc. but not include deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. HEDGE ACCOUNTING

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

- at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- the actual results of offsetting are within a range of 80% to 125%.

29. HEDGE ACCOUNTING (CONTINUED)

- Cash flow hedges

  A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

  - the cumulative gain or loss on the hedging instrument from inception of the hedge
  - the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge

  The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

  If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

  If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

  For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

  When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. DIVIDENDS APPROPRIATED TO INVESTORS

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

31. RELATED PARTIES

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures ;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

II. BASIS OF PREPARATION (CONTINUED)

31. RELATED PARTIES (CONTINUED)

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32 SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- It engages in business activities from which it may earn revenues and incur expenses
- Its operating results 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, results of operations and cash flows, etc.

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

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

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

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS CONTINUED)

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

(2) Impairment of other assets excluding inventories, financial assets and other long-term equity investments

As described in Note II.20, other assets excluding inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset (asset group) is the greater of its net selling price and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(3) Depreciation and amortisation

As described in Note II.13, 14 and 17, investment property, fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised.

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(4) Warranty provisions

As described in V.32, the Group makes provisions under the warranties it gives on sale of its products taking into account the group's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

(5) Impairment of inventories

As described in Note II.11, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

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. For inventories with committed sales orders or active market, the Group estimates the new realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the new realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

(6) Functional currency

As described in the Note II.4, the Group determines its functional currencies based on the major currencies in business transactions. Since most revenue of the Group's subsidiaries within the container segment is denominated in US dollars, these subsidiaries choose US dollars as their functional currencies. The subsidiaries in the Trailers segment choose RMB as their functional currencies. If there is an indication that there has been a change in the factors used to determine the functional currency, the functional currency will be changed accordingly.

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(7) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(8) Income taxes

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.

34 CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECTS

(1) Changes in accounting policies

In accordance with CAS Bulletion No.4, which was newly issued by the Ministry of Finance in 2010, the Group changed the following significant accounting policies:

USD'000

Description of and reasons for changes in accounting policies	Note	Approval procedure	Affected items in consolidated financial statements	Effects of new policy
Accounting treatment for the expenditure of the acquirer in business combinations not involving enterprises under common control	(a)	Required by standards	General and administrative expenses	3,493
Accounting treatment at the acquisition date for the previously-held equity interests in an acquiree which was acquired through business combinations not involving enterprises under common control and achieved in stages	(b)	Required by standards	Goodwill and investment loss	21,375
The excess of loss for the current period attributable to the minority shareholders in a subsidiary over the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary in the consolidated financial statements	(c)	Required by standards	Minority interest	2,052

34 CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECTS (CONTINUED)

(1) Changes in accounting policies (continued)

Note:

(a) Accounting treatment for the expenditure of the acquirer in business combinations not involving enterprises under common control

Before 1 January 2010, the Group, as the acquirer, in a business combination not involving enterprises under common control accounted for acquisition-related costs (excluding transaction costs of the issuance of equity or debt securities, same as below) as a part of cost of acquisition. Since 1 January 2010, the Group accounts for these acquisition-related costs as expenses in the periods in which the costs are incurred.

The above change in accounting policy is with effect from 1 January 2010, and no retrospective adjustment has been made by the Group.

In the current accounting year, the Group accounted for acquisition-related costs of USD 3,493,000 equivalent to RMB 23,566,000 as general and administrative expenses.

(b) Accounting treatment at the acquisition date for the previously-held equity interests in an acquiree which was acquired through business combinations not involving enterprises under common control and achieved in stages

Before 1 January 2010, for a business combination not involving enterprises under common control and achieved in stages, the Group adjusted the carrying value of its previously-held equity interest in the acquiree at the acquisition date, which was accounted for using the equity method before the acquisition date, to its initial cost.

As of 1 January 2010, in the Company's separate financial statements, the initial cost of such investment comprises the carrying value of previously-held equity investments in an acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified in profit or loss as investment income when the equity investment is disposed of. In the consolidated financial statements, 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 are 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.

The above change in accounting policy is with effect from 1 January 2010, and no retrospective adjustment has been made by the Group.

34 CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECTS (CONTINUED)

(1) Changes in accounting policies (continued)

Note (continued):

(b) The change of accounting policy had no effect on the Company's separate financial statements. In the consolidated financial statements, as the effect of the change of this accounting policy, the group reversed the goodwill of USD 39,182,000 (RMB 267,945,000) arising from the previously-held equity interest in the acquiree accounted for using equity method before the acquisition date. In addition, after deducting the effect of the Group's share of profit in the investee after the acquisition of the investment, the Group recognised the gain from the change of USD 17,807,000 (RMB 123,739,000) in fair value of the previously-held invest in the acquiree between the acquisition date and the date of the acquisition of the previously-held investment. The net effect of the above accounting treatment resulted in the increase of investment loss of USD 21,375,000 (RMB 144,206,000) in the current year.

(c) The excess of loss for the current period attributable to the minority shareholders in a subsidiary over the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary in the consolidated financial statements.

Before 1 January 2010, in the consolidated financial statements, where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest in the opening balance of equity of the subsidiary, the excess, and any further losses attributable to the minority shareholders, are allocated against the equity attributable to the Company except to the extent that the minority shareholders have a binding obligation under the Articles of Association or a contract and are able to make additional investment to cover the losses. From 1 January 2010, 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 excesses allocated to the minority interest.

According to this change in accounting policies, the Company should decrease the opening balance of retained earnings by USD 2,052,000 (equivalent to RMB 14,011,000) and decrease the minority interests accordingly in the Company's consolidated financial statements. The Group made no retrospective adjustments for the above change in the accounting policy since the effect was insignificant. The excess of loss for previous periods attributable to the minority shareholders in a subsidiary was recognised in the share of profit by minority shareholders in the current year and minority shareholders' equity was decreased in the consolidated financial statement.

III. TAXATION

1. MAIN TAXES AND TAXES RATES

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3%-5%
Urban maintenance and construction tax	Business tax payable and VAT payable	5%-7%
Income tax	Taxable income	Note1
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%

Note1: The income tax rates applicable to the Group for the year are as follows:

	2010	2009
The Company	22%	20%
Domestic subsidiaries	10% - 25%	0 - 25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15 – 35%	15 - 35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	28%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	28%	28%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%
Subsidiary registered in Singapore	17%	Not applicable

III. TAXATION (CONTINUED)

2. TAX PREFERENCE

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC - Tianda Airport Support Co., Ltd	22%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
2	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
3	Tianjin CIMC Special Vehicle Co., Ltd	22%	11%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
4	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
5	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fourth profit making year
6	Jiaxing CIMC Wood Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
7	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
8	Tianjin CIMC Logistics Equipments Co., Ltd.	22%	11%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
9	Tianjin CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
10	Taicang CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year

III. TAXATION (CONTINUED)

2. TAX PREFERENCE (CONTINUED)

	Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
11	Shanghai CIMC Yangshan Container Service Co.,Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
13	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
14	Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the fourth profit making year
15	Yangzhou Tonglee Reefer Container Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the third profit making year
16	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the third profit making year
17	Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
18	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
19	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
20	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
21	CIMC Vehicle (Liaoning) Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
22	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
23	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate

III. TAXATION (CONTINUED)

2. TAX PREFERENCE (CONTINUED)

Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
24 Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
25 Enric (Lang fang)Energy Equipment integration Co.,Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
36 Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law(Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 31 December 2010, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to USD 377,864,000 (RMB 2,490,010,000). Accordingly, deferred tax liabilities amounting to USD 28,410,000 (RMB 187,213,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 239. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 104, with paid-in capital amounting to USD 111,255,000. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB 20 million or USD 3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
2 Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment;	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
3 Xinhui CIMC Container Co., Ltd.(XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes	7,358	-
4 Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes	7,452	-
5 Tianjin CIMC Containers Co., Ltd.(TJCIMC)	Corporation	Tianjin, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	23,000,000.00	100.00%	100.00%	Yes	-	-
6 Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	-	-
7 Ningbo CIMC Logistics Equipment Co., Ltd.(NBCIMC)	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

	Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
8	Taicang CIMC Containers Co., Ltd.(TCCIMC)	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	-	-
9	Yangzhou Runyang Logistics Equipments Co., Ltd.(YZRYL)	Corporation	Jiangsu, China	USD	5,000,000.00	Manufacture, repair and sale of container	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.(SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	-	-
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes	7,171	-
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	3,606	-
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT) Note IV. 1(4)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	25,000,000.00	78.22%	100.00%	Yes	Note 1	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
15 Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	-	-
16 Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	USD	33,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	29,370,000.00	100.00%	100.00%	Yes	-	-
17 Shenzhen CIMC Special Vehicle Co., Ltd.(CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes	Note 6	-
18 Qingdao CIMC Special Vehicle Co., Ltd.(QDSV)	Corporation	Shandong, China	RMB	62,880,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes	Note 6	-
19 Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes	Note 6	-
20 Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes	Note 6	-
21 Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Corporation	Beijing, China	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments management and relevant service	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 6	-
22 CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Liaoning, China	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	32,000,000.00	80.00%	100.00%	Yes	Note 6	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

	Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
23	Tianjin CIMC Special Vehicles Co., Ltd.(TJXV)	Corporation	Tianjin, China	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant advisory service	RMB	24,000,000.00	80.00%	100.00%	Yes	Note 6	-
24	CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'An, China	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes	Note 6	-
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Corporation	Gansu, China	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well automobile fittings; sales of relevant materials	RMB	15,000,000.00	80.00%	100.00%	Yes	Note 6	-
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes	Note 6	-
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes	Note 6	-
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,663,000.00	82.21%	100.00%	Yes	Note 6	-
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Guangdong, China	USD	20,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	20,000,000.00	100.00%	100.00%	Yes	-	-
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes	Note 6	-

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,000,000.00	85.00%	100.00%	Yes	Note 6	-
32 Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes	12,445	-
33 Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes	-	-
34 Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	-	-
35 Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
36 Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	-	-
37 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
38	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service; container stockpiling, customs declaration, repair, storing	RMB	30,000,000.00	100.00%	100.00%	Yes	-	-
39	Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes	993	-
40	CIMC Shenfa Development Co., Ltd.(CIMCSD)	Corporation	Shanghai, China	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes	-	-
41	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation	Xinjiang, China	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes	Note 6	-
42	CIMC Vehicle (Group) Co., Ltd. (HI)	Corporation	Guangdong, China	USD	75,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	60,000,000.00	80.00%	80.00%	Yes	Note 6	-
43	Qingdao CIMC Special Reefer Co., Ltd.(QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	-	-
44	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
45	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	17,700,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	17,700,000.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

	Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
46	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	-	-
47	Dalian CIMC Heavy Logistics Equipments Co., Ltd.(DLZH)	Corporation	Liaoning, China	USD	3,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	3,700,000.00	100.00%	100.00%	Yes	-	-
48	Shenzhen CIMC Intelligent Technology Co., Ltd.(CIMC Tech)	Corporation	Guangdong, China	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	-	-
49	CIMC Taicang refrigeration equipment logistics Co., Ltd.(TCCRC)	Corporation	Jiangsu, China	RMB	450,000,000.00	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%	100.00%	Yes	-	-
50	Hunan CIMC Bamboo Industry Development Co., Ltd.(HNW)	Corporation	Hunan, China	RMB	50,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	50,000,000.00	100.00%	100.00%	Yes	-	-
51	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd(QHDV)	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	52,500,000.00	75.00%	75.00%	Yes	Note 6	-
52	CIMC Energy Chemical Engineering technology Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
53 CIMC Management and Training(Shenzhen) Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	5,000,000.00	100.00%	100.00%	Yes	-	-
54 Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Corporation	Jiangsu, China	RMB	10,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	10,000,000.00	100.00%	100.00%	Yes	-	-
55 Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Corporation	Jiangsu, China	RMB	10,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	10,000,000.00	100.00%	100.00%	Yes	-	-
56 Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	30,000,000.00	100.00%	100.00%	Yes	-	-
57 Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes	92	-
58 CIMC Wood Development Co., Ltd. ("CIMCWD")	Corporation	Guangdong, China	RMB	150,000,000.00	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(i) Domestic subsidiaries (continued):

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
59 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, China	RMB	254,634,066.00	Real estate development	RMB	127,317,033.00	90.00%	90.00%	Yes	Note 2	-
60 Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu) Note IV. 1(4)	Corporation	Jiangsu, China	RMB	25,000,000.00	Real Estate Development, sales and leasing	RMB	12,500,000.00	94.00%	94.00%	Yes	Note 2	-
61 Jiangmen CIMC skyspace Real Estate Co.,Ltd. ("Jiangmen Dichan") Note IV. 1(4)	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	90.00%	90.00%	Yes	Note 2	-
62 Ningbo Runxin Container Co., Ltd	Corporation	Ningbo China	RMB	5,000,000.00	Cleaning and repair of containers, stockpiling, vanning and devanning service.	RMB	3,000,000.00	60.00%	60.00%	Yes	(112)	-
63 Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Sichuan China	RMB	60,000,000.00	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	80.00%	Yes	Note 6	-
64 CIMC Finance Company ("Finance Company")	Corporation	Guangdong China	RMB	500,000,000.00	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes	-	-
65 Shenzhen CIMC Investment Holding company ("SZ Investment")	Corporation	Shenzhen China	RMB	75,000,000.00	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes	-	-
66 Zhumadian CIMC Huajun Vehicle Trading Co.,Ltd ("HJQM")	Corporation	Henan China	RMB	10,000,000.00	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	80.00%	Yes	Note 6	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(ii) Overseas Subsidiaries

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
67 CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes	-	-
68 CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	-	-
69 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes	1,656	-
70 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes	Note 6	-
71 CIMC Europe BVBA ("BVBA")		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes	-	-
72 China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")		Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	-	-
73 CIMC Burg B.V. ("BV")		Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes	Note 3	-
74 Tacoba Consultant Forestry N.V ("Tacoba")		Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	-	-
75 Charm Wise Limited ("Charm Wise")		Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-
76 Gold Terrain Assets Limited ("GTA")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(ii) Overseas Subsidiaries (continued)

Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
77 Full Medal Holdings Ltd. ("Full Medal") Note IV. 1(4)		British Virgin Islands	USD	50,000.00	Investment	USD	78.22	78.22%	100.00%	Yes	Note 1	-
78 Charm Ray Holdings Limited ("Charm Ray") NoteIV.1(4)		Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes	Note 1	-
79 Charm Beat Enterprises Limited ("Charm Beat")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-
80 Sharp Vision Holdings Limited ("Sharp Vision")		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	-	-
81 Sound Winner Holdings Limited ("Sound Winner")		British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes	Note 1	-
82 Grow Rapid Limited ("Grow Rapid")		Hong Kong	USD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	-	-
83 Powerlead Holding Ltd. ("Powerlead")		British Virgin Islands	USD	10.00	Finance Lease	USD	10.00	100.00%	100.00%	Yes	-	-
84 Cooperatie Vela U.A.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	-
85 Vela Holding B.V.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(1) Subsidiaries obtained through establishment or business combination (continued)

(ii) Overseas Subsidiaries (continued)

Name		Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
86	CIMC Financial Leasing (HK) Ltd ("Financial Leasing")		Hong Kong	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes	-	-
87	CIMC Offshore Holdings Limited ("CIMC Offshore")		Hong Kong	HKD	224,206,025.00	Investment	HKD	136,810,516.00	61.02%	61.02%	Yes	Note 5	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(2) The Group does not have subsidiaries obtained through combination under common control.

(3) Subsidiaries acquired through combinations under non-common control:

(i) Domestics Subsidiaries

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes	Note 6	-
2 Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	70,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	42,000,000.00	60.00%	75.00%	Yes	Note 6	-
3 Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes	Note 6	-
4 Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	-	-
5 Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	34,880,580.00	89.30%	89.30%	Yes	4,480	-
6 Tianjin CIMC North Ocean Container Co., Ltd.(TJCIMC)	Corporation	Tianjin, China	USD	16,682,000.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	16,682,000.00	100.00%	100.00%	Yes	-	-

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics Subsidiaries (continued)

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
7 Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes	2,600	-
8 CIMC Vehicle (Shandong) Co. Ltd.(KGR)	Corporation	Shandong, China	USD	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes	Note 6	-
9 Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	-	-
10 Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Jiangsu, China	RMB	294,234,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	234,411,200.00	80.00%	100.00%	Yes	Note 6	-
11 Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	85,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	68,272,000.00	80.00%	100.00%	Yes	Note 6	-
12 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY) Note IV.1(4)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	115,889,633.61	78.22%	100.00%	Yes	Note 1	-
13 Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes	3,752	-

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics Subsidiaries (continued)

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
14 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	USD	8,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	8,000,000.00	100.00%	100.00%	Yes	-	-
15 Qingdao Kooll Logistics Co., Ltd (QDHFL)	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes	166	-
16 Enric (Bengbu) Compressor Co.,Ltd. (Enric Bengbu) Note IV.1(4)	Corporation	Anhui, China	HKD	21,320,000.00	Manufacturing base of NG compressor and related products	HKD	16,676,504.00	78.22%	100.00%	Yes	Note 1	-
17 Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric") Note IV.1(4)	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes	Note 1	-
18 Enric (Lang fang) Energy Equipment integration Co.,Ltd. (Langfang Enric) Note IV.1(4)	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	-
19 Enric (Beijing)Energy TechnologyCo.,Ltd (Beijing Enric) Note IV.1(4)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes	Note 1	-
20 CIMC Enric (Jingmen) Energy Equipment Co., Ltd. Note IV.1(4)	Corporation	Hubei, China	HKD	50,000,000.00	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics Subsidiaries (continued)

Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year: Currency	Actual investment and actual net amount of Investment of the company at the end of the year: Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
21 Jingmen Hongtu Special Aircraft manufacturing Co., Ltd Note IV.1(4)	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes	Note 1	-
22 Longkou CIMC Raffles - offshore, Ltd ("LCRO")	Corporation	Shangdong China	USD	1,300,000.00	Construction of offshore project and supplime	USD	780,000.00	60.00%	60.00%	Yes	(743)	
23 Yantai CMIC Raffles offshore Ltd (YCRO)	Corporation	Shandong China	RMB	234,690,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	119,644,962.00	50.98%	50.98%	Yes	Note 5	-
24 Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Shandong China	RMB	125,980,000.00	Construction of ship aswell as component; Sales of container and offshore oil platform, channel and steel production	RMB	64,224,604	50.98%	50.98%	Yes	Note 5	-
25 Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Corporation	Shandong China	RMB	200,000,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	101,960,000	50.98%	50.98%	Yes	Note5	-
26 Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Shandong China	RMB	290,000,000.00	Construction of offshore project and suppliment	RMB	147,842,000.00	50.98%	50.98%	Yes	Note 5	-
27 CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)		Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	-	-	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(ii) Overseas Subsidiaries

Name	Entity type	Registration place	Registered capital Currency	Registered capital Amount of original currency	Business scope	Actual investment and actual net amount of Investment of the company at the end of the year Currency	Actual investment and actual net amount of Investment of the company at the end of the year Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year USD'000	Amount of loss for current period attributable to minority shareholders that allocated to minority interests USD'000
28 Enric Energy Equipment Holdings Limited (Enric) Note IV.1(4) (i)		Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	14,651,337.53	78.22%	56.59%	Yes	Note 1	-
29 Burg Industries B.V.		Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes	Note 3	-
30 Holvrieka Holding B.V. Note IV.1(4)		Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes	Note 1	-
31 Holvrieka Ido B.V. Note IV.1(4)		Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes	Note 1	-
32 Holvrieka Nirota B.V. Note IV.1(4)		Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes	Note 1	-
33 Noordkoel B.V. Note IV.1(4)		Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes	Note 1	-
34 Beheermaatschappij Burg B.V.		Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes	Note 3	-
35 Burg Carrosserie B.V.		Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80.00%	100.00%	Yes	Note 3	-
36 Exploitatiemaatschappij Intraprogres B.V		Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes	Note 3	-
37 Hobur Twente B.V.		Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	181,512.09	80.00%	100.00%	Yes	Note 3	-
38 Burg Service B.V.		Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes	Note 3	-
39 LAG Trailers N.V.		Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes	Note 3	-
40 Holvrieka N.V.		Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes	Note 1	-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(ii) Overseas Subsidiaries (continued)

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
41 Immoburg N.V.		Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes	Note 3	-
42 Holvrieka Danmark A/S		Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes	Note 1	-
43 Direct Chassis LLC (“DCEC”)		USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes	908	-
44 TGE GASINVESTMENTS S.A. (“TGE SA”)		Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes	Note 4	-
45 TGE Gas Engineering GmbH		Germany	EUR	1,000,000.00	Provide EP+CS(Design, Purchase and Construction Supervision) or other technical project services in LNG,LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	Note 4	-
46 CIMC Raffles Offshore (Singapore) Limited (“Raffles”)		Singapore	SGD	521,965,822.00	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs,FSOs	SGD	266,098,176.00	50.98%	50.98%	Yes	Note 5	-
47 CIMC Raffles Investments Limited		Hongkong China	HKD	2.00	Investment	HKD	2.00	50.98%	50.98%	Yes	Note 5	-
48 CIMC Raffles Leasing Pte Ltd.		Singapore	SGD	2.00	Leasing of marine ship	SGD	2.00	50.98%	50.98%	Yes	Note 5	-
49 Caspian Driller Pte. Ltd.		Singapore	USD	30,000,000.00	Leasing of marine ship	HKD	15,294,000.00	50.98%	50.98%	Yes	Note 5	-

Note 1 Enric and its subsidiaries' minority interests amounted to USD 95,717,000.
Note 2 CIMC Tianyu and its subsidiaries' minority interests amounted to USD 11,474,000.
Note 3 Burg and its subsidiaries' minority interests amounted to USD 18,838,000.
Note 4 TGE and its subsidiaries' minority interests amounted to USD 11,470,000.
Note 5 CIMC Offshore, Raffles and its subsidiaries' minority interests amounted to USD 162,129,000.
Note 6 HI and its subsidiaries' minority interests amounted to USD 101,313,000.

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(4) Subsidiaries whose shareholding held by the Company differs from their voting rights

(i) Enric Energy Equipment Holdings Limited (Enric)

The ordinary shares that the Company hold in Enric take 56.59% of Enric's outstanding ordinary shares. Accompany with the convertible preferential shares that the Company hold, the Company's shareholding in Enric changed to 78.22%. Enric's issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%.

(ii) Except for the subsidiary mentioned above in (i), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements.

Newly purchared (see Note IV.6) and established subsidiaries in the year change the scope of the consolidation financial statements.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year

(1) **Subsidiaries newly included in the scope of consolidation, special purpose entity, business entities that having control through being enstusted to manage or leasing**

USD'000

Company Name	Basis to identify control	Notes	Net asset as at 31 December 2010	Net profit/(loss) for 2010
Raffles and its subsidiaries	Over half of voting rights in the Board of directors	IV.6	371,188	(158,219)
Finance Company			3,280	3,686
CIMC BVI			10,695	(666)
Others		Note 1	4,736	3,625

RMB'000

Company Name	Basis to identify control	Notes	Net asset as at 31 December 2010	Net profit for 2010
Raffles and its subsidiaries	Over half of voting rights in the Board of directors	IV.6	2,446,018	(1,067,424)
Finance Company			21,614	24,868
CIMC BVI			70,477	(4,493)
Others		Note 1	31,209	24,456

Note 1 Other subsidiaries newly included in the scope of consolidation mainly comprised CD Vehicle, Chengdu Property Management, Asia Cargo Link Limited, CIMC WA and Financial Leasing.

(2) **There was no significant subsidiary, special purpose entity, business entity that having control through being enstusted to manage or leasing that was excluded from the scope of consolidation for the current year.**

5. There is no acquisition through combination under common control for the current year (2009: Nil).

6. The Group's acquisition through combination not under common control for the current year

(1) Raffles

Acquiree	Note	Goodwill amount	Calculation method of goodwill
Yantai Raffles Shipbuilding Limited (renamed as Yantai CIMC Raffles offshore (Singapore) Limited afterwards, hereafter referred to as "Raffles"		Nil	Bright Day Limited (renamed as CIMC Offshore Holdings Limited afterward, hereafter referred to as "CIMC Offshore"), the Company's subsidiary, acquired 31.74% of the equity interests of CIMC Raffle's, the fair value of the identifiable net assets of which at the acquisition date amounted to USD 134,912,000(RMB 910,187,000). The excess amount of acquisition cost over fair value amounting to USD 12,475,000 (RMB 84,166,000) was recognised as non-operating income.

The Group acquired Raffles at the considerations of USD93,288,000 and USD788,000 in 2008 and 2009 for the equity interests of 17.86% and 0.41% respectively. As at 31 December 2009, the Group's equity interest in Raffles accounted for 18.27%.

As Mai Boliang， president of the Group, was appointed as chairman of the board and non-executive director of Raffles on 3 November 2008, the Group obtained the power to participate in the financial and operating policy decisions of Raffles and began to have significant influence on Raffles though the Group held merely 18.72% equity interest. Since 3 November 2008, Raffles was measured as an associate of the Group using equity method.

CIMC Offshore, a subsidiary of the Company (60.02% equity interests held by the Company), paid USD 122,437,000 (RMB 826,021,000) as an acquisition cost for additional 31.74% equity interest of Raffles on 21 January 2010. After the acquisition, the Company held 50.01% of issued ordinary shares of Raffles through its subsidiaries, and had more than half of the voting rights. The Company effectively obtained its control of Raffles.

Based on the total number of 273,565,000 issued shares as at the date of 5 July 2010, the allotment shares will be offered at USD0.735 each in the proportion of one offer share for every two existing shares (totaling 136,782,500 shares) held on the Books Closure Date.

A. After the completion of allotment shares on 12 August, 2010, CIMC offshore held 342,860,173 shares of Raffles, around 83.55% of the total shares of 410,347,500. The Company's share holding percentage for Raffles increased to 50.98%

6. The Group's acquisition through combination not under common control for the current year (Continued)

(1) Raffles (Continued)

Raffles was incorporated in Singapore in 1994 with its manufacturing plants located in Yantai, Shandong Province, China. Raffles had its shares (Stock code: YRSLNO) listed in the Over-The Counter Market (NOTC) in Norwegian Oslo Stock Exchange since May 2006. Raffles mainly engages in the construction of various marine and offshore projects including jack-up drilling platforms, semi-submersible drilling platforms, FPSOs, FSOs, platform supply vessels, pipe lay vessels, and other special vessels. Before the combination, the number of issued ordinary shares was 273,565,000. Brain Chang and his controlling parties totally held 36.91% shares of Raffles; the Company held 18.72% through its subsidiaries Sharp Vision Holdings Limited and CIMC Hong Kong. DnB NOR Bank ASA held 37.00% (on behalf of investors), Platinum Nominee Limited held 7.4% (on behalf of investors). Except the above shareholders, no others held shares exceeding 5%.

Raffles' shares were last traded in the Over-The-Counter Market (NOTC) in Norwegian Oslo Stock Exchange on 28 February 2011 (Norway time) and delisted at market closing.

At acquisition date, the fair value of Raffles' shares held by the Group before acquisition date was USD 77,658,000 (equivalent to RMB 523,917,000). And the investment losses is accounting for USD 21,375,000 (RMB 144,206,000) on the recalculation of the fair value of the same day.

Financial information of Raffles is as follows:

Amount	Sales from acquisition date to 31 December 2010	Net loss from acquisition date to 31 December 2010	Net operating cash outflow flows from acquisition date to 31 December 2010
USD'000	362,267	158,219	42,119
RMB'000	2,444,034	1,067,424	284,156

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (continued)

(1) Raffles (Continued)

Acquiree's identifiable assets and liabilities:

USD'000

Items	21 January 2010	
	Carrying amount	Fair value
Cash at bank and on hand	114,670	114,670
Trading financial assets	8,358	8,358
Accounts receivable	330,781	330,781
Other receivables and prepayments	228,346	228,346
Inventories	282,934	282,934
Financial assets held for trading	813	813
Long-term equity investment	10,565	10,565
Fixed assets and construction in progress	356,606	356,606
Intangible assets	50,311	69,871
Deferred tax assets	7,688	7,688
Other non-current assets	5,597	5,597
Short-term loans	(401,928)	(401,928)
Trading financial liabilities	(5,545)	(5,545)
Accounts payable and bills payable	(250,017)	(250,017)
Other payables and accrued expenses	(72,362)	(72,362)
Tax payables	(11,131)	(11,131)
Long-term loans	(231,195)	(231,195)
Deferred tax liabilities	-	(4,890)
Minority interests	(14,106)	(14,106)
Identifiable net assets total	410,385	425,055

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current year (continued)

(1) Raffles (continued)

RMB'000

Items	21 January 2010	
	Carrying amount	Fair value
Cash at bank and on hand	773,621	773,621
Trading financial assets	56,387	56,387
Accounts receivable	2,231,614	2,231,614
Other receivables and prepayments	1,540,536	1,540,536
Inventories	1,908,814	1,908,814
Financial assets held for trading	5,485	5,485
Long-term equity investment	71,277	71,277
Fixed assets and construction in progress	2,405,842	2,405,842
Intangible assets	339,423	471,385
Deferred tax assets	51,867	51,867
Other non-current assets	37,760	37,760
Short-term loans	(2,711,607)	(2,711,607)
Trading financial liabilities	(37,409)	(37,409)
Accounts payable and bills payable	(1,686,740)	(1,686,740)
Other payables and accrued expenses	(488,192)	(488,192)
Tax payables	(75,095)	(75,095)
Long-term loans	(1,559,757)	(1,559,757)
Deferred tax liabilities	-	(32,990)
Minority interests	(95,164)	(95,164)
Identifiable net assets total	2,768,662	2,867,634

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

6. The Group's acquisition through combination not under common control for the current year (continued)

(2) LCRO

Acquiree	Note	Goodwill amount	Calculation method of goodwill
Longkou Sanlian offshore Engineering Co., Ltd.(renamed as Longkou CIMC Raffles offshore, Ltd afterwards, hereafter referred to as "LCRO"	(2)	USD 1,170,000 (equivalent to RMB 7,710,000)	Raffles, the Company's subsidiary, acquired 100% equity interest of LCRO, the fair value of the identifiable net assets of which at the acquisition date amounted to USD 42,016,000(RMB276,785,000). The excess amount of fair value over acquisition cost amount to USD1,170,000 (RMB7,710,000) was recognised as goodwill.

On 30 April 2010, Raffles, the subsidiary of the Company acquired the entire equity interests of LCRO at a cash consideration of RMB 284,495,000 (equivalent to USD 43,186,000). The total acquisition cost was RMB 284,495,000 (USD 43,186,000) on the acquisition date.

LCRO was incorporated in Longkou, Shandong Province in August 2007 with the headquarter in the Economic & Technology Development Zone of Longkou. It mainly engages in the design, construction and repairs of petroleum drilling platforms and offshore engineering equipment and commissioning of domestic and overseas vessels construction projects and related equipment. Before the acquisition, LCRO was owned by two individuals: Lin Yulong and Gao Chengge.

Financial information of LCRO is as follows:

Amount	Sales from acquisition date to 31 December 2010	Net profit from acquisition date to 31 December 2010	Net operating cash out flows from acquisition date to 31 December 2010
USD'000	5,808	342	290
RMB'000	38,264	2,253	1,956

6. The Group's acquisition through combination not under common control for the current year (continued)

(2) Longkou (continued)

Acquiree's identifiable assets and liabilities:

USD'000

Items	30 April 2010	
	Carrying amount	Fair value
Cash at bank and on hand	10	10
Accounts receivable and bills receivable	13	13
Other receivables and prepayments	995	995
Inventories	2,765	3,022
Fixed assets and construction in progress	38,248	38,715
Intangible assets	35,115	35,018
Long-term equity investments	4,099	6,737
Accounts payable and bills payable	(22,377)	(22,377)
Other payables	(20,117)	(20,117)
Identifiable net assets total	38,751	42,016

RMB'000

Items	30 April 2010	
	Carrying amount	Fair value
Cash at bank and on hand	64	64
Accounts receivable and bills receivable	88	88
Other receivables and prepayments	6,555	6,555
Inventories	18,213	19,906
Fixed assets and construction in progress	251,961	255,039
Intangible assets	231,326	230,685
Long-term equity investments	27,000	44,382
Accounts payable and bills payable	(147,411)	(147,411)
Other payables	(132,523)	(132,523)
Identifiable net assets total	255,273	276,785

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. There is no loss of control of subsidiaries through significant sales of interests of the Group for the current year.

8. There is no reverse acquisition of the Group for the current year.

9. There is no consolidation by merger of the Group for the current year.

10. Exchange rate for foreign operating entities' major financial statement items

	Average exchange rate		Benchmark rate on reporting date	
	2010	2009	2010	2009
USD	6.7465	6.8305	6.5897	6.8282
EUR	8.8378	9.6055	8.7979	9.8388
HKD	0.8682	0.8813	0.8477	0.8805
JPY	7.7705	7.5400	8.0984	7.5634

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AT BANK AND ON HAND

	2010				2009			
	Original currency ’000	Exchange Rate	USD ’000	RMB equivalent ’000	Original currency ’000	Exchange Rate	USD ’000	RMB equivalent ’000
Cash on hand								
RMB	1,866	6.5897	283	1,866	3,698	6.8282	542	3,698
USD	45	1.0000	45	298	37	1.0000	37	249
HKD	63	7.7734	8	54	91	7.7546	12	80
JPY	678	81.3700	8	54	1,027	90.2800	11	78
AUD	12	0.9828	13	83	-	-	-	-
EUR	49	0.7490	66	434	18	0.6940	25	176
Others	-	-	16	104	-	-	1	6
			439	2,893			628	4,287
Deposits with banks								
RMB	1,643,202	6.5897	249,359	1,643,202	1,568,993	6.8282	229,781	1,568,993
USD	220,781	1.0000	220,781	1,454,878	310,089	1.0000	310,089	2,117,348
HKD	151,076	7.7734	19,435	128,071	36,887	7.7546	4,757	32,480
JPY	426,769	81.3700	5,245	34,562	328,749	90.2800	3,641	24,864
AUD	7,636	0.9828	7,770	51,200	6,486	1.1116	5,835	39,840
EUR	45,072	0.7490	60,175	396,537	57,990	0.6940	83,558	570,550
Others	-	-	5,018	33,068	-	-	4,269	29,148
			567,783	3,741,518			641,930	4,383,223
Other monetary funds								
RMB	844,869	6.5897	128,210	844,869	376,591	6.8282	55,152	376,591
USD	10,079	1.0000	10,079	66,416	73,427	1.0000	73,427	501,376
AUD	-	0.9828	-	-	609	1.1116	548	3,740
			138,289	911,285			129,127	881,707
			706,511	4,655,696			771,685	5,269,217

As at 31 December 2010, restricted cash at bank and on hand of the Group amounted to USD 130,246,000, equivalent to RMB 858,281,000, (2009: USD 127,807,000, equivalent to RMB 872,692,000). Refer to Note V.21 for details.

As at 31 December 2010, Finance Company, the subsidiary of the Group, had deposit with banks of USD 218,369,000 (equivalent to RMB 1,438,988,000). Finance Company is a finance institution authorised by the People’s Bank of China.

2. FINANCIAL ASSETS HELD FOR TRADING

(1) Classification

	note	2010 Amount USD'000	2010 RMB '000	2009 Amount USD'000	2009 RMB '000
1. Equity securities investments held for trading		59,713	393,491	12,701	86,722
2. Derivative financial assets					
- forward contract	(3)	18,069	119,069	739	5,050
3. Hedging instrument		1,988	13,101	3,164	21,565
Total		79,770	525,661	16,604	113,337

(2) There is no material restriction of the investment in financial assets held for trading.

(3) Details of financial assets held for trading

As at 31 December 2010, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD 660 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Norwegian Krone and Australian Dollar. The nominal value of these amounted to JPY 270 million, EUR 30 million, NOK 30 million and AUD 0.7 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy / sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 5 January 2011 to 28 December 2011.

As at 31 December 2010, the Group recognised the aforesaid forwards contracts in their fair values of USD 18,069,000 (RMB 119,069,000) as held-for-trading financial assets and USD 578,000 (RMB 3,810,000) as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

3. BILLS RECEIVABLE

(1) Classification of bills receivable

	2010		2009	
	Amount USD'000	RMB '000	Amount USD'000	RMB '000
Bank acceptance bills	60,196	396,670	244,667	1,670,635
Commercial acceptance bills	16,983	111,915	2,960	20,210
Total	77,179	508,585	247,627	1,690,845

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the year end, the Group had no pledged bills receivable.

4. ACCOUNTS RECEIVABLE

(1) Accounts receivable disclosed by customer categories:

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Containers group	546,918	3,604,026	216,871	1,480,841
Trailers group	293,512	1,934,155	207,100	1,414,117
Tank equipments group	178,401	1,175,611	139,780	954,442
Offshore engineering group	188,544	1,242,446	-	-
Airport ground facilities group	37,545	247,412	37,715	257,542
Others	24,079	158,669	4,351	29,714
Subtotal	1,268,999	8,362,319	605,817	4,136,638
Less: provision for bad and doubtful debts	(35,280)	(232,483)	(40,133)	(274,034)
Total	1,233,719	8,129,836	565,684	3,862,604

(2) An ageing analysis of accounts receivable is as follows:

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Within 1 year	1,162,770	7,662,297	403,279	2,901,922
1 to 2 years	58,950	388,465	184,606	1,112,324
2 to 3 years	14,316	94,341	10,325	70,450
More than 3 years	32,963	217,216	7,607	51,942
Subtotal	1,268,999	8,362,319	605,817	4,136,638
Less: provision for bad and doubtful debts	(35,280)	(232,483)	(40,133)	(274,034)
Total	1,233,719	8,129,836	565,684	3,862,604

The ageing is counted starting from the date the accounts receivable is recognised.

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Accounts receivable disclosed by categories:

Category	Note	2010				2009			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)
Individually significant and assessed for impairment individually	(4)	18,377	1.44%	6,780	36.89%	24,027	3.97%	5,631	23.43%
Individually insignificant but assessed for impairment individually	(5)	8,607	0.67%	3,829	44.49%	4,172	0.69%	2,380	57.05%
Assessed for impairment collectively *									
Containers group	(6)	545,904	43.03%	221	0.04%	199,197	32.87%	1,937	0.97%
Trailers group	(6)	277,311	21.85%	14,086	5.08%	199,798	32.98%	18,107	9.06%
Tank equipments group	(6)	177,367	13.98%	8,985	5.07%	136,568	22.54%	11,334	8.30%
Offshore engineering group		186,800	14.72%	-	-	-	-	-	-
Air ground facilities group	(6)	37,545	2.96%	1,357	3.62%	37,715	6.23%	743	1.97%
Others	(6)	17,088	1.35%	22	0.13%	4,340	0.72%	1	0.01%
Subtotal		1,242,015	97.89%	24,671	1.99%	577,618	95.34%	32,122	5.56%
Total		1,268,999	100.00%	35,280	2.78%	605,817	100.00%	40,133	6.62%

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Accounts receivable disclosed by categories (continued):

Category	Note	2010				2009			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)	Amount RMB'000	Percentage (%)
Individually significant and assessed for impairment individually	(4)	121,099	1.44%	44,677	36.89%	164,063	3.97%	38,448	23.43%
Individually insignificant but assessed for impairment individually	(5)	56,718	0.67%	25,232	44.49%	28,488	0.69%	16,253	57.05%
Assessed for impairment collectively *									
Containers group	(6)	3,597,341	43.03%	1,455	0.04%	1,360,155	32.87%	13,224	0.97%
Trailers group	(6)	1,827,394	21.85%	92,824	5.08%	1,364,262	32.98%	123,646	9.06%
Tank equipments group	(6)	1,168,797	13.98%	59,206	5.07%	932,511	22.54%	77,389	8.30%
Offshore engineering group		1,230,957	14.72%	-	-	-	-	-	-
Air ground facilities group	(6)	247,412	2.96%	8,944	3.62%	257,524	6.23%	5,073	1.97%
Others	(6)	112,601	1.35%	145	0.13%	29,635	0.72%	1	0.01%
Portfolio subtotal		8,184,502	97.89%	162,574	1.99%	3,944,087	95.34%	219,333	5.56%
Total		8,362,319	100.00%	232,483	2.78%	4,136,638	100.00%	274,034	6.62%

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

There were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Accounts receivable disclosed by categories (continued):

Individually significant items represent accounts receivable with an individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

The analysis of the Group's accounts receivable by original currency is as follows:

Currency	2010			2009		
	Original currency '000	Exchange rate	Amount USD'000	Original currency '000	Exchange rate	Amount USD'000
RMB	2,546,871	6.5897	386,493	1,934,401	6.8282	283,296
USD	808,506	1.0000	808,506	263,074	1.0000	263,074
HKD	20,121	7.7734	2,588	7,917	7.7546	1,021
JPY	53,378	81.37	656	926	90.28	10
AUD	4,160	0.9828	4,233	7,101	1.1116	6,388
EUR	45,679	0.7490	60,987	32,897	0.6940	47,401
Others	-	-	5,536	-	-	4,627
			1,268,999			605,817

(4) An analysis of accounts receivable individually significant and assessed for impairment individually is as follows:

USD'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Trailers group	12,171	3,822	31.40%	
Others	6,206	2,958	47.66%	
Total	18,377	6,780	36.89%	Note 1

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(4) An analysis of accounts receivable individually significant and assessed for impairment individually is as follows (continued):

RMB'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Trailers group	80,204	25,184	31.40%	
Others	40,895	19,493	47.66%	
Total	121,099	44,677	36.89%	Note 1

Note 1: Provision was made based on the credit risk assessment of customers and historical loss experiences.

(5) An analysis of accounts receivable individually insignificant but assessed for impairment individually is as follows:

USD'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Containers group	1,014	639	63.02%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	4,030	1,414	35.09%	
Tank equipments group	1,034	991	95.84%	
Offshore engineering group	1,744	552	31.65%	
Others	785	233	29.68	
Total	8,607	3,829	44.49%	

RMB'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Containers group	6,685	4,209	6	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	26,557	9,314	3	
Tank equipments group	6,814	6,530	9	
Offshore engineering group	11,490	3,641	3	
Others	5,172	1,538	2	
Total	56,718	25,232	4	

4. ACCOUNTS RECEIVABLE (CONTINUED)

(6) An ageing analysis of account receivable assessed for impairment collectively is as follows:

USD'000

Ageing	2010			2009		
	Amount	Percentage (%)	Provision for bad and doubtful debts	Amount	Percentage (%)	Provision for bad and doubtful debts
Within 1 year	976,191	76.93%	9,518	388,874	64.19%	4,531
1 to 2 years	58,153	4.58%	3,356	174,817	28.86%	17,868
2 to 3 years	12,390	0.98%	3,316	6,337	1.05%	2,133
More than 3 years	8,481	0.67%	8,481	7,590	1.25%	7,590
Total	1,055,215	83.16%	24,671	577,618	95.35%	32,122

RMB'000

Ageing	2010			2009		
	Amount	Percentage (%)	Provision for bad and doubtful debts	Amount	Percentage (%)	Provision for bad and doubtful debts
Within 1 year	6,432,794	76.93%	62,713	2,655,305	64.19%	30,933
1 to 2 years	383,213	4.58%	22,117	1,193,688	28.86%	122,007
2 to 3 years	81,648	0.98%	21,854	43,267	1.05%	14,566
More than 3 years	55,890	0.67%	55,890	51,827	1.25%	51,827
Total	6,953,545	83.16%	162,574	3,944,087	95.35%	219,333

The ageing is counted starting from the date the account receivable is recognised.

(7) The recovery of provision within this year

There were no accounts receivable for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2009: Nil).

(8) Actual written-off of accounts receivable within this year

There were no material actual written-off of accounts receivable during the year (2009: Nil).

4. ACCOUNTS RECEIVABLE (CONTINUED)

(9) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount USD'000	Amount RMB'000	Ageing	Percentage in total accounts receivable (%)
1. GE SeaCo Asia Pte Ltd	None	80,949	533,428	Within 1 year	6.38%
2. Compagnie Maritime d'Affretement	None	67,549	445,126	Within 1 year	5.32%
3. TAL International Container Corporation	None	65,582	432,167	Within 1 year	5.17%
4. Mediterranean Shipping Co. S.A.	None	51,172	337,208	Within 1 year	4.03%
5. Triton Container International Ltd. ,	None	41,101	270,842	Within 1 year	3.24%
Total	-	306,353	2,018,771	—	24.14%

The total amount of the Group's top 5 accounts receivable at 31 December 2009 was USD106,861,000 (equivalent to RMB729,664,000), 17.64% of the total accounts receivable.

(10) Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2009:Nil).

(11) Accounts receivable due from related parties

The Group's accounts receivable due from related parties amount to USD13,511,000, equivalent to RMB 89,035,000 (2009: USD1,007,000, equivalent to RMB6,878,000), accounting for 1.06% of the total accounts receivable (2009: 0.17%).

(12) Derecognition of accounts receivable due to transferring of financial assets

There were no derecognition of accounts receivable due to transferring of financial assets in the Group during the year (2009: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable

There were no securitised accounts receivables during the year (2009: Nil).

As at 31 December 2010, restricted accounts receivable amounted to USD 146,000,000, equivalent to RMB 962,096,000 (2009:USD3,221,000, equivalent to RMB21,990,000). Refer to Note V.21.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES

(1) Other receivables by categories:

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Amounts due from related parties	84,579	557,348	54,838	374,442
Loans	64,866	427,445	5,911	40,359
Drawback tax receivable	119,283	786,039	3,136	21,411
Prepayment for land and equipment	11,129	73,336	45,870	313,211
Deposit	10,927	72,004	15,167	103,566
Others	63,996	421,717	42,876	292,768
Subtotal	354,780	2,337,889	167,798	1,145,757
Less: provision for bad and doubtful debts	(15,421)	(101,617)	(3,261)	(22,268)
Total	339,359	2,236,272	164,537	1,123,489

(2) The ageing analysis of other receivables is as follows:

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Within 1 year	277,322	1,827,466	131,515	898,012
1 to 2 years	38,508	253,754	22,587	154,228
2 to 3 years	22,940	151,166	13,067	89,224
More than 3 years	16,010	105,503	629	4,293
Subtotal	354,780	2,337,889	167,798	1,145,757
Less: provision for bad and doubtful debts	(15,421)	(101,617)	(3,261)	(22,268)
Total	339,359	2,236,272	164,537	1,123,489

The ageing is counted starting from the date the other receivable is recognised.

5. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories:

Category	Note	2010				2009			
		Amount USD'000	Percentage (%)	Provision for bad and doubtful debts		Amount USD'000	Percentage (%)	Provision for bad and doubtful debts	
				Amount USD'000	Percentage (%)			Amount USD'000	Percentage (%)
Individually significant other receivables	(4)	144,259	40.66%	8,889	6.16%	98,524	58.72%	-	-
Insignificant other receivables	(5)	210,521	59.34%	6,532	3.10%	69,274	41.28%	3,261	4.71%
Total		354,780	100.00%	15,421	4.35%	167,798	100%	3,261	1.94%

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories (continued):

Category	Note	2010				2009			
		Amount RMB'000	Percentage (%)	Provision for bad and doubtful debts		Amount RMB'000	Percentage (%)	Provision for bad and doubtful debts	
				Amount RMB'000	Percentage (%)			Amount RMB'000	Percentage (%)
Individually significant	(4)	950,622	40.66%	58,574	6.16%	672,739	58.72%	-	-
Individually insignificant	(5)	1,387,267	59.34%	43,043	3.10%	473,018	41.28%	22,268	4.71%
Total		2,337,889	100.00%	101,617	4.35%	1,145,757	100.00%	22,268	1.94%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

5. OTHER RECEIVABLES (CONTINUED)

(4) An analysis of individually significant other receivables assessed for impairment individually are as follows:

USD'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
Individually significant:				
Capital increment amount due from subsidiaries	20,027	-	-	Note 1
Amounts due from associates	43,933	-	-	Note 1
Receivables arising from transfer of equity investment	10,721	-	-	Note 1
Capital increment amount due from associates	6,829			Note 1
Receivables arising from financing to third parties	53,860	-	-	Note 1
Others	8,889	8,889	100.00%	Note 2
Total	144,259	8,889	6.16%	

RMB'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
Individually significant:		-	-	
Capital increment amount due from subsidiaries	131,970	-	-	Note 1
Amounts due from associates	289,507	-	-	Note 1
Receivables arising from transfer of equity investment	70,650	-	-	Note 1
Capital increment amount due from associates	45,000	-	-	Note 1
Receivables arising from financing to third parties	354,921	-	-	Note 1
Others	58,574	58,574	100.00%	Note 2
Total	950,622	58,574	6.16%	

Note 1: The estimated risk of loss is relatively low. The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

Note 2: Provision was made based on the credit risk assessment of creditors and historical loss experiences.

5. OTHER RECEIVABLES (CONTINUED)

(5) An analysis of individually insignificant other receivables but assessed for impairment individually is as follows:

The Group assessed impairment of the insignificant other receivable and made provision of impairment of USD 6,532,000 (RMB 43,043,000).

(6) The movement of provision within this year

There were no other receivables for which a full provision or a significant provision was made in the previous years while were recovered in full or in significant amount during the year (2009: Nil).

(7) The recovery of other receivables by restructuring within this year

There were no other receivables recovered during the year by means of restructuring (2009: Nil).

(8) Actual written-off of other receivables within this year

There were no material actual written-off of other receivables during the year (2009: Nil).

5. OTHER RECEIVABLES (CONTINUED)

(9) Other receivables due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount USD'000	Amount RMB'000	Aging	Percentage in total other receivables (%)
1. Sea Biscuit International Inc.	None	41,360	272,550	Within 1 year	11.66%
2. C & C Trucks Co., Ltd. ("C&C Trucks")	Associate	26,632	175,500	Within 1 year	7.51%
3. Shanghai Fengyang Real Estate Development Co., Ltd ("Shanghai Fengyang")	Associate	24,130	159,007	1 to 3 years	6.80%
4. PGM Holding B.V. ("PGM")	Minority shareholder of the Group's subsidiary	20,027	131,970	1 to 2 years	5.64%
5. Marine Subsea Cyprus Holding Ltd.	None	12,500	82,371	1 to 2 years	3.52%
Total	—	124,649	821,398	—	35.13%

The Group's top 5 other receivables as at 31 December 2009 amounted to USD94,885,000 (RMB647,893,000), accounting for 56.55% of the total other receivables.

(10) Other receivables due from shareholders who hold 5% or more of the voting rights of the Company

The balance of other receivables from shareholders who hold 5% or more of the voting rights of the Company was withholding tax due from shareholders China Merchants International (CIMC) Investment Co., Ltd ("Merchants International") and COSCO Container Industries Limited ("COSCO Container"), amounting to USD 1,169,000 and USD 286,000, equivalent RMB 7,704,000 and RMB 1,886,000 (2009: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(11) Other receivables due from related parties

Company Name	Relationship with the company	Amount USD'000	Amount RMB'000	Percentage in total other receivables (%)
1. PGM	Minority shareholder of the Group's subsidiary	20,027	131,970	5.64%
2. Shanghai Fengyang	Associate	24,130	159,007	6.80%
3. Shenzhen Merchant Property Development Co., Ltd	Controlling shareholder of the Group's associate	10,721	70,650	3.02%
4.C & C Trucks	Associate	26,632	175,500	7.51%
5.COSCO Container	Important shareholder of the Group	286	1,886	0.08%
6.Merchants International	Important shareholder of the Group	1,169	7,704	0.33%
7.Consafe MSVAB	Associate	981	6,467	0.28%
8. Others	—	633	4,164	0.18%
Total	—	84,579	557,348	23.84%

The Group's other receivables due from related parties as at 31 December 2009 amounted to USD54,838,000 (RMB 374,442,000), accounting for 32.68 % of total other receivables.

(12) Derecognition of other receivables due to transferring of financial assets

There are no derecognition of other receivables due to transferring of financial assets during the year (2009: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2009: Nil).

6. PREPAYMENTS

(1) Prepayments by category are as follows:

	2010 Amount USD'000	2010 Amount RMB'000	2009 Amount USD'000	2009 Amount RMB'000
Raw material	278,087	1,832,516	122,328	835,278
Construction Cost	91,134	600,546	28,798	196,642
Other	14,792	97,472	13,479	92,037
Subtotal	384,013	2,530,534	164,605	1,123,957
Less: provision for bad and doubtful debts	14,733	97,087	7,381	50,398
Total	369,280	2,433,447	157,224	1,073,559

(2) The ageing analysis of prepayments is as follows:

	2010 Amount USD'000	2010 Amount RMB'000	2010 Percentage %	2009 Amount USD'000	2009 Amount RMB'000	2009 Percentage %
Within 1 year (inclusive)	327,264	2,156,578	85.22%	147,603	1,007,859	89.67%
1 and 2 years (inclusive)	8,763	57,744	2.28%	16,161	110,354	9.82%
2 and 3 years (inclusive)	42,576	280,565	11.09%	513	3,504	0.31%
More than 3 years	5,410	35,647	1.41%	328	2,240	0.20%
Subtotal	384,013	2,530,534	100.00%	164,605	1,123,957	100.00%
Less: provision for bad and doubtful debts	14,733	97,087	3.84%	7,381	50,398	4.48%
Total	369,280	2,433,447	96.16%	157,224	1,073,559	95.52%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year included steel purchase prepayment made to a supplier in total of RMB 92,140,000, equivalent to USD 13,980,000. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2010, the Group had made full provision of RMB 87,640,000 (equivalent to USD 13,300,000) for unsettled balances.(2009: RMB 50,000,000, equivalent to USD 7,320,000).

Other than the prepayments mentioned above, the remaining prepayments aged over 1 year mainly represented equipment purchase prepayment for offshore engineering projects. The prepayments are not settled because the construction period of the offshore engineering project usually last more than 1 year.

6. PREPAYMENTS (CONTINUED)

(3) The Group's top 5 prepayments are as follows:

Company name	Relationship with the company	Amount USD'000	Amount RMB'000	Percentages of the total prepayments (%)	Time of recognition	Reason for unsettlement
1.Ben steel	None	20,845	137,361	5.43%	2010	materials not yet received
2.Six Heavy Industry Co.,Ltd	None	20,318	133,890	5.29%	2010	materials not yet received
3.THRUSTMASTER OF TEXAS, INC	None	18,987	125,122	4.95%	2010	equipments not yet received within due date
4.Guangzhou steel International trading Co., Ltd.	None	16,174	106,583	4.21%	2010	materials not yet received
5.Tian Jin Yinze sheet metal Co., Ltd.	None	13,300	87,640	3.46%	2008	materials not yet received within due date
Total	-	89,624	590,596	23.34%	-	—

(4) Prepayments due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2009: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INVENTORIES

(1) Inventories by categories

USD'000

Category	2010			2009		
	Cost amount	Provision for diminution in value	Carrying amount	Cost amount	Provision for diminution in value	Carrying amount
Raw materials	793,764	(13,630)	780,134	588,439	(76,988)	511,451
Work in progress	262,346	(3,311)	259,035	148,645	(3,193)	145,452
Finished goods	484,153	(5,783)	478,370	246,896	(21,842)	225,054
Consignment stocks	51,450	(14)	51,436	43,760	(1,208)	42,552
Spare parts	6,591	-	6,591	14,208	-	14,208
Low-valued consumables	3,292	-	3,292	3,611	-	3,611
Materials in transit	1,895	-	1,895	1,443	-	1,443
Completed properties held for sale	3,921	-	3,921	4,307	-	4,307
Properties under development	68,279	-	68,279	40,992	-	40,992
Ship under construction	301,976	-	301,976	-	-	-
Offshore engineering equipment	82,151	-	82,151	-	-	-
Total	2,059,818	(22,738)	2,037,080	1,092,301	(103,231)	989,070

RMB'000

Category	2010			2009		
	Cost amount	Provision for diminution in value	Carrying amount	Cost amount	Provision for diminution in value	Carrying amount
Raw materials	5,230,667	(89,821)	5,140,846	4,017,980	(525,688)	3,492,292
Work in progress	1,728,783	(21,816)	1,706,967	1,014,980	(21,799)	993,181
Finished goods	3,190,426	(38,106)	3,152,320	1,685,856	(149,143)	1,536,713
Consignment stocks	339,038	(95)	338,943	298,804	(8,250)	290,554
Spare parts	43,434	-	43,434	97,016	-	97,016
Low-valued consumables	21,696	-	21,696	24,649	-	24,649
Materials in transit	12,487	-	12,487	9,849	-	9,849
Completed properties held for sale	25,835	-	25,835	29,409	-	29,409
Properties under development	449,938	-	449,938	279,903	-	279,903
Ship under construction	1,989,931	-	1,989,931	-	-	-
Offshore engineering equipment	541,350	-	541,350	-	-	-
Total	13,573,585	(149,838)	13,423,747	7,458,446	(704,880)	6,753,566

7. INVENTORIES (CONTINUED)

(1) Inventories by categories (continued)

The Group's closing balances of inventories included no capitalised borrowing cost (2009: USD182,000, equivalent to RMB1,241,000). The interest rate per annum at which the borrowing costs were capitalised for 2009 was 10.07%.

As at 31 December 2010, the Group had no inventories with restricted ownership (2009: Nil).

(2) Inventories movement for the year is as follows:

USD'000

Category	Opening balance at the beginning of the year	Additions for the year	Diminutions for the year	Effect of foreign exchange rate changes	Closing balance at the end of the year
Raw materials	588,439	7,084,027	(6,886,270)	7,568	793,764
Work in progress	148,645	5,584,712	(5,472,800)	1,789	262,346
Finished goods	246,896	7,031,947	(6,801,743)	7,053	484,153
Consignment stocks	43,760	476,056	(468,805)	439	51,450
Ship under construction	-	324,589	(22,613)	-	301,976
Other	64,561	231,149	(131,961)	2,380	166,129
Subtotal	1,092,301	20,732,480	(19,784,192)	19,229	2,059,818
Less: provision for diminution in value of inventories	(103,231)	(14,381)	95,340	(466)	(22,738)
Total	989,070	20,718,099	(19,688,852)	18,763	2,037,080

RMB'000

Category	Opening balance at the beginning of the year	Additions for the year	Diminutions for the year	Effect of foreign exchange rate changes	Closing balance at the end of the year
Raw materials	4,017,980	47,792,388	(46,458,223)	(121,478)	5,230,667
Work in progress	1,014,980	37,677,269	(36,922,244)	(41,222)	1,728,783
Finished goods	1,685,856	47,441,025	(45,887,960)	(48,495)	3,190,426
Consignment stocks	298,804	3,211,709	(3,162,793)	(8,682)	339,038
Ship under construction	-	2,189,842	(152,561)	(47,350)	1,989,931
Other	440,826	1,559,450	(890,272)	(15,264)	1,094,740
Subtotal	7,458,446	139,871,683	(133,474,053)	(282,491)	13,573,585
Less: provision for diminution in value of inventories	(704,880)	(97,022)	643,211	8,853	(149,838)
Total	6,753,566	139,774,661	(132,830,842)	(273,638)	13,423,747

7. INVENTORIES (CONTINUED)

(3) Provision for diminution in value of inventories

Category	Opening balance at the beginning of the year USD'000	Provision made for the year USD'000	Written back during the year: Reversal USD'000	Written back during the year: Write-off USD'000	Effect of foreign exchange rate changes USD'000	Closing balance at the end of the year USD'000
Raw materials	76,988	9,715	(2,532)	(70,749)	208	13,630
Work in progress	3,193	1,830	-	(1,785)	73	3,311
Finished goods	21,842	2,726	(2,093)	(16,863)	171	5,783
Consignment stocks	1,208	110	(1,217)	(101)	14	14
Total	103,231	14,381	(5,842)	(89,498)	466	22,738

Category	Opening balance at the beginning of the year RMB'000	Provision made for the year RMB'000	Written back during the year: Reversal RMB'000	Written back during the year: Write-off RMB'000	Effect of foreign exchange rate changes RMB'000	Closing balance at the end of the year RMB'000
Raw materials	525,688	65,540	(17,082)	(477,308)	(7,017)	89,821
Work in progress	21,799	12,349	-	(12,041)	(291)	21,816
Finished goods	149,143	18,393	(14,118)	(113,768)	(1,544)	38,106
Consignment stocks	8,250	740	(8,212)	(682)	(1)	95
Total	704,880	97,022	(39,412)	(603,799)	(8,853)	149,838

7. INVENTORIES (CONTINUED)

(3) Provision for diminution in value of inventories (continued)

(a) The provision for diminution in value of the Group's inventories during the year was recognised mainly for the slow-moving or long-aging.

(b) Written back of provision for diminution in value of the Group's inventories during the year is as follows:

	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.32%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	-
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.43%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	2.37%

8. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

	2010		2009	
	Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Finance leases	115,147	758,786	57,226	390,751
Sales of goods by instalments	67,686	446,031	1,979	13,513
Others	-	-	106	724
Subtotal	182,833	1,204,817	59,311	404,988
Less: Provision for impairment	(2,931)	(19,315)	(1,604)	(10,952)
Total	179,902	1,185,502	57,707	394,036

9. OTHER CURRENT ASSETS

	2010		2009	
	Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Tax deductible/ withheld	103,883	684,560	37,095	253,293
Other	527	3,470	197	1,384
Total	104,410	688,030	37,292	254,677

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010		2009	
	Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Available-for-sale equity instruments	116,616	768,467	172,196	1,175,785

During the year, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank and of China Merchants Securities Co., Ltd, with a carrying value of USD 22,327,000 and USD 92,914,000 respectively, equivalent to RMB 147,129,000 and RMB 612,272,000. Besides, the Group and the Company held equity investment of Otto Energy Limited of USD 1,375,000, equivalent to RMB 9,066,000.

On 31 January 2010, three shareholders of TSC Offshore Group Limited (Hereafter referred to as "TSC"): the Company, a subsidiary of Raffles and Brian Chang who is also a board member, entered into an agreement on concerted action in which the three parties committed to act together to take concert of action on the exercise of their voting rights with the Company empowered as the ultimate decision maker. Therefore, the Group became to have significant influence on TSC since 31 January 2010. Considering TSC to be its associate company since that date, the Group accounted the equity investment in TSC of USD 16,466,000, equivalent to RMB 108,509,000 as long-term equity investment using the equity method.

11. LONG-TERM RECEIVABLES

(1) The long-term receivables by categories are as follows:

Item	2010		2009	
	Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Finance Leases	141,820	934,554	98,167	670,304
including: Unrealised finance income	11,390	75,060	4,248	29,006
Sales of goods by instalment	61,636	406,161	45,895	313,380
Car/housing loans to staff	2,053	13,528	2,736	18,685
Subtotal	205,509	1,354,243	146,798	1,002,369
Less: Provision for impairment	(2,729)	(17,986)	(1,527)	(10,427)
Total	202,780	1,336,257	145,271	991,942

(2) Significant changes of provision for bad and doubtful debts during the year:

There were no long-term receivables due within one year for which a full provision or a significant provision was in the previous years while were recovered in full or in significant amount during the year (2009: Nil).

(3) Derecognition of long-term receivables due to transfer of financial assets

: USD'000

	Derecognition amount	Gains due to derecognition
Derecognition of finance lease due to sales of ownership–	80,258	4,784
Subtotal	80,258	4,784

:RMB'000

	Derecognition amount	Gains due to derecognition
Derecognition of finance lease due to sales of ownership	528,876	32,275
Subtotal	528,876	32,275

11. LONG-TERM RECEIVABLES (CONTINUED)

(4) Long-term receivables due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term receivables (2009: Nil).

12. LONG-TERM EQUITY INVESTMENTS

(1) As at 31 December 2010, the Group's long-term equity investments by categories are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Investments in joint ventures	6,042	39,812	2,002	13,670
Investments in associates	169,854	1,119,285	221,702	1,513,827
Other long-term equity investments	59,531	392,300	59,531	406,489
Subtotal	235,427	1,551,397	283,235	1,933,986
Less: Provision for impairment	465	3,065	465	3,175
Total	234,962	1,548,332	282,770	1,930,811

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) An analysis of long-term equity investments movement of the year is as follows:

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Equity method—Joint ventures										
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	1,151	2,002	199	2,201	50.00%	50.00%	N/A	-	-	329
RuiJi Logistic (Wuhu) Co., Ltd	1,500	-	1,520	1,520	50.00%	50.00%	N/A	-	-	-
North CIMC Logistic Co., Ltd.	2,276	-	2,321	2,321	50.00%	50.00%	N/A	-	-	-
Subtotal	4,927	2,002	4,040	6,042				-	-	329
Equity method —Associates										
KYH Steel Holding Ltd. ("KYH")	3,336	17,261	1,063	18,324	31.83%	31.83%	N/A	-	-	410
Tianjin Port CIMC Zhenhua Logistic Co., Ltd (TJCIMCZL)	2,660	5,913	326	6,239	36.00%	36.00%	N/A	-	-	-
Dalian Jinong Logistic Co., Ltd (DLJLL)	3,015	5,256	464	5,720	30.00%	30.00%	N/A	-	-	-
Xiamen CIMC Haitou Container Service Co., Ltd (Xiamen Haitou)	1,494	1,982	141	2,123	45.00%	45.00%	N/A	-	-	334
Tianjin Zhenhua Logistic Group Co., Ltd (TJZL)	47,453	59,008	11,966	70,974	38.22%	38.22%	N/A	-	-	1,717

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) An analysis of long-term equity investments movement of the year is as follows (continued):

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Equity method —Associates (continued)										
Ningbo Beilun Donghua Container Service Co., Ltd (NBBL)	432	512	25	537	21.00%	21.00%	N/A	-	-	93
New Atlantic Timber (HK) Limited (XYW)	396	433	(1)	432	20.00%	20.00%	N/A	-	-	-
Shanghai Fengyang	1,643	9,417	3,377	12,794	40.00%	40.00%	N/A	-	-	-
TRS Transportkoeling	1,647	2,081	(88)	1,993	32.00%	32.00%	N/A	-	-	-
Eurotank Oy	951	1,224	21	1,245	40.00%	40.00%	N/A	-	-	-
Xiamen Haitou Logistics Co., Ltd (XMHLC)	888	733	39	772	49.00%	49.00%	N/A	-	-	-
Raffles (Notes IV.6.CD)	-	99,033	(99,033)	-	-	-	N/A	-	-	-
C&C TRUCKS Co.,LTD (C&C TRUCKS)	19,772	18,849	(3,360)	15,489	45.00%	45.00%	N/A	-	-	-
TSC	24,841	-	25,367	25,367	14.60%	24.15%	Note 5-10	-	-	-
Xiamen Hongji Container Development Co., Ltd. ("XMHJ")	726	-	743	743	49.00%	49.00%	N/A	-	-	-
Consafe MSV AB ("Consafe")	534	-	959	959	36.00%	36.00%	N/A	-	-	-
Haiyang Blue Island Offshore Ltd ("HBIO")	1,366	-	2,865	2,865	30.00%	30.00%	N/A	-	-	-
Vostok-Raffles Joint Stock Company ("Vostok")	2,500	-	2,500	2,500	25.00%	25.00%	N/A	-	-	-
Sengju (Jiangmen) Science & Technology Materials Co., Ltd. ("SJKJ")	90	-	778	778	30.00%	30.00%	N/A	-	-	-
Subtotal	113, 744	221,702	(51,848)	169,854				-	-	2,554

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) An analysis of long-term equity investments movement of the year is as follows (continued):

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method										
BOCM Schroder Stolt Fund Management	1,233	1,233	-	1,233	5.00%	5.00%	N/A	-	-	1,105
Donghua Container	40	40	-	40	5.00%	5.00%	N/A	-	-	-
China Railway United Logistics	57,784	57,784	-	57,784	10.00%	10.00%	N/A	-	-	-
Guangdong Samsung	207	207	-	207	0.09%	0.09%	N/A	207	-	-
Beihai Yinjian	258	258	-	258	1.01%	1.01%	N/A	258	-	-
Jinmen General Aviation Company Limited	9	9	-	9	39.00%	39.00%	N/A	-	-	-
Subtotal	59,531	59,531	-	59,531				465	-	1,105
Total	178,202	283,235	(47,808)	235,427	—	—	—	465	-	3,988

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) An analysis of long-term equity investments movement of the year is as follows (continued):

RMB’000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Equity method—Joint ventures										
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	9,530	13,670	827	14,497	50.00%	50.00%	N/A	-	-	2,220
RuiJi Logistics (Wuhu)	9,884	-	10,020	10,020	50.00%	50.00%	N/A	-	-	-
GXNFWL	15,000	-	15,295	15,295	50.00%	50.00%	N/A	-	-	-
Subtotal	34,414	13,670	26,142	39,812				-	-	2,220
Equity method —Associates										
KYH	27,625	117,856	2,897	120,753	31.83%	31.83%	N/A	-	-	2,764
TJCIMCZL	21,403	40,375	740	41,115	36.00%	36.00%	N/A	-	-	-
DLJLL	16,844	35,889	1,804	37,693	30.00%	30.00%	N/A	-	-	-
Xiamen Haitou	11,479	13,533	466	13,999	45.00%	45.00%	N/A	-	-	2,250
TJZL	302,144	402,918	64,763	467,681	38.22%	38.22%	N/A	-	-	11,583
NBBL	3,579	3,496	37	3,533	21.00%	21.00%	N/A	-	-	631
XYW	2,916	2,957	(107)	2,850	20.00%	20.00%	N/A	-	-	-
Shanghai Fengyang	12,000	64,301	20,012	84,313	40.00%	40.00%	N/A	-	-	-
TRS Transportkoeling	12,030	14,209	(1,076)	13,133	32.00%	32.00%	N/A	-	-	-
Eurotank Oy	6,946	8,358	(154)	8,204	40.00%	40.00%	N/A	-	-	-
XMHLC	6,153	5,005	82	5,087	49.00%	49.00%	N/A	-	-	-
Raffles	-	676,225	(676,225)	-	-	-	N/A	-	-	-
C&C TRUCKS	135,000	128,705	(26,640)	102,065	45.00%	45.00%	N/A	-	-	-
TSC	167,591	-	167,161	167,161	14.60%	24.15%	Note 5-10	-	-	-
XMHJ	4,900	-	4,900	4,900	49.00%	49.00%	N/A	-	-	-
Consafe	3,532	-	6,315	6,315	36.00%	36.00%	N/A	-	-	-
HBIO	9,000	-	18,884	18,884	30.00%	30.00%	N/A	-	-	-
Vostok	16,474	-	16,474	16,474	25.00%	25.00%	N/A	-	-	-
SJKJ	6,072	-	5,125	5,125	30.00%	30.00%	N/A	-	-	-
Subtotal	765,688	1,513,827	(394,542)	1,119,285				-	-	17,225

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) An analysis of long-term equity investments movement of the year is as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method										
BOCM Schroder Stolt Fund Management	8,125	8,419	(294)	8,125	5.00%	5.00%	N/A	-	-	7,458
Donghua Container	270	273	(3)	270	5.00%	5.00%	N/A	-	-	-
China Railway United Logistics	380,780	394,561	(13,781)	380,780	10.00%	10.00%	N/A	-	-	-
Guangdong Samsung	1,365	1,413	(48)	1,365	0.09%	0.09%	N/A	1,365	-	-
Beihai Yinjian	1,700	1,762	(62)	1,700	1.01%	1.01%	N/A	1,700	-	-
Jinmen General Aviation Company Limited	60	61	(1)	60	39.00%	39.00%	N/A	-	-	-
Subtotal	392,300	406,489	(14,189)	392,300				3,065		7,458
Total	1,192,402	1,933,986	(382,589)	1,551,397	–	–	–	3,065		26,903

As at 31 December 2010, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) Information for major joint ventures and associates is as follows:

Investee	Entity type	Registered place	Legal representative	Principal activities	Registered capital		Shareholding percentage	Percentage of voting rights in the investees	Total assets at year end	Total liabilities at year end	Net assets at year end	Total revenue for the year	Net profit/ (loss) for the year
					Currency	’000			RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
a.Joint ventures													
				Production and sales of composition									
MST	Corporation	Yangzhou	Li Guisen	materials	RMB	154,634	50.00%	50.00%	43,239	14,228	29,011	70,563	6,102
RuiJi Logistics 13,698	Corporation 607	Anhui	Li Lizhong		Logistic	RMB		2,049,210		50.00% 50.00%	24,358	4,331	20,027
GXNFWL	Corporation	Guangxi	Yan Jie	Logistic	RMB	30,000	50.00%	50.00%	52,720	22,124	30,596	7,253	595
b.Associates													
		The British		Investment									
KYH Stee	Corporation	Corporation	Virgin Islands	Huo Jinghui									
				holding	HKD	72,289	31.83%	31.83%	934,391	526,400	407,991	1,405,023	27,332
TJCIMCZL	Corporation	Tianjin	Gao Xiang	Logistic	RMB	100,000	36.00%	36.00%	119,022	4,822	114,200	31,482	2,404
DLJLL	Corporation	Dalian	Xu Song	Logistic	RMB	70,000	30.00%	30.00%	237,481	129,759	107,722	43,204	6,010
Xiamen Haitou	Corporation	Xianmen	Jiang Jingdong	Logistic	RMB	25,000	45.00%	45.00%	37,521	6,396	31,125	39,884	495
TJZL	Corporation	Tianjin	Yang Liqiang	Logistic	RMB	51,956	38.22%	38.22%	2,245,096	1,134,403	1,110,693	6,266,996	113,214
				Martime auxiliary									
NBBL	Corporation	Ningbo	Zhu Shuilin	services	RMB	4,000	21.00%	21.00%	21,774	4,952	16,822	40,835	3,173
				Wood									
XYW	Corporation	HongKong	Wu Zhiquan	processing	RMB	12,500	20.00%	20.00%	28,745	20,945	7,800	-	(1,999)
				Property									

Shanghai Fengyang	Corporation	Shanghai	Yang Zhiguang	development	RMB	30,000	40.00%	40.00%	817,812	607,030	210,782	129,431	50,032
XMHLC	Corporation	Xiamen	Jiang Jingdong	Logistic	RMB	12,000	49.00%	49.00%	12,627	2,287	10,340	6,996	130
C&C TRUCKS	Corporation	Wuhu	Yin Tongyao	Ocean engineering equipment construction	RMB	400,000	45.00%	45.00%	1,291,161	736,023	555,138	-	(32,858)
TSC	Corporation	Cayman Islands	Jiang Binhua	Energy and Oil	RMB	2,000,000	14.60%	14.60%	1,787,008	719,813	1,067,195	938,782	50,916
XMHJ	Corporation	Xiamen	Li Qiang	Container	RMB	10,000	49.00%	49.00%	10,113	113	10,000	-	-
SJKJ	Corporation	Jiangmen	Zheng Xiande	Leasing	RMB	3,000	30.00%	30.00%	26,945	9,945	17,000	798	(3,402)
Vostok Raffles Joint Stock Company	Corporation	Russia	Not applicable	Offshore engineering Construction	USD	10,000,000	25.00%	25.00%	286,521	6,880	279,641	-	(21,307)
Cconsafa MSV AB Company	Corporation	Sweden	Not applicable	Investment	SEK	1,000,000	36.00%	36.00%	583,244	542,815	40,429	-	9,367
Haiyang Blue Island Offshore Ltd	Corporation	China	Dou Jiangrong	Offshore Engineering Construction	RMB	30,000,000	30.00%	30.00%	193,139	131,353	61,786	232,510	5,297

(a) As at 31 December 2010, the fair value of investment in TSC amounting to USD23,757,000 (RMB156,551,000).

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) There is no restriction on the ability of the Group to transfer funds to invested enterprises.

13. INVESTMENT PROPERTY

USD'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost	14,301	1,114	(1,230)	417	14,602
1.Buildings	4,920	1,114	(1,230)	78	4,882
2.Land use rights	9,381	-	-	339	9,720
Accumulated depreciation or amortisation	3,228	320	(727)	42	2,863
1.Buildings	2,287	122	(727)	4	1,686
2.Land use rights	941	198	-	38	1,177
Carrying amounts	11,073	794	(503)	375	11,739
1.Buildings	2,633	992	(503)	74	3,196
2.Land use rights	8,440	(198)	-	301	8,543
Provision of impairment	-	-	-	-	-
1.Buildings	-	-	-	-	-
2.Land use rights	-	-	-	-	-
Carrying amounts	11,073	794	(503)	375	11,739
1.Buildings	2,633	992	(503)	74	3,196
2.land use rights	8,440	(198)	-	301	8,543

RMB'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost	97,646	7,518	(8,300)	(641)	96,223
1.Buildings	33,595	7,518	(8,300)	(641)	32,172
2.Land use rights	64,051	-	-	-	64,051
Accumulated depreciation or amortisation	22,040	2,160	(4,904)	(429)	18,867
1.Buildings	15,615	826	(4,904)	(429)	11,108
2.Land use rights	6,425	1,334	-	-	7,759
Carrying amounts	75,606	5,358	(3,396)	(212)	77,356
1.Buildings	17,980	6,692	(3,396)	(212)	21,064
2.Land use rights	57,626	(1,334)	-	-	56,292
Provision of impairment	-	-	-	-	-
1.Buildings	-	-	-	-	-
2.Land use rights	-	-	-	-	-
Carrying amounts	75,606	5,358	(3,396)	(212)	77,356
1.Buildings	17,980	6,692	(3,396)	(212)	21,064
2.land use rights	57,626	(1,334)	-	-	56,292

The depreciation and amortisation charged for investment property in 2010 was USD320,000 (RMB: 2,160,000). There was no provision for impairment for investment property in 2010.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS

(1) Fixed assets by categories

USD'000

Item	Balance at the beginning of the year	Additions		Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost:	1,650,270	594,412		(53,314)	15,580	2,206,948
Including: Plant & buildings	761,615	103,815		(15,708)	8,263	857,985
Machinery & equipment	722,652	132,665		(24,874)	9,451	839,894
Other equipment	99,835	23,821		(5,768)	(9,187)	108,701
Motor vehicles	66,168	56,235		(6,964)	514	115,953
Offshore engineering special equipment	-	197,280		-	3,671	200,951
Dock and port	-	80,596		-	2,868	83,464
		Additions for the year	Charge for the year			
Accumulated depreciation:	486,841	35,324	170,439	(38,472)	(620)	653,512
Including: Plant & buildings	139,844	3,146	74,333	(12,467)	452	205,308
Machinery & equipment	260,964	3,187	63,473	(17,923)	726	310,427
Other equipment	49,300	2,457	18,551	(4,066)	(3,439)	62,803
Motor vehicles	36,733	202	7,613	(4,016)	767	41,299
Offshore engineering special equipment	-	16,589	4,384	-	466	21,439
Dock and port	-	9,743	2,085	-	408	12,236
Carrying amount	1,163,429	388,649		(14,842)	16,200	1,553,436
Including: Plant & buildings	621,771	26,336		(3,241)	7,811	652,677
Machinery & equipment	461,688	66,005		(6,951)	8,725	529,467
Other equipment	50,535	2,813		(1,702)	(5,748)	45,898
Motor vehicles	29,435	48,420		(2,948)	(253)	74,654
Offshore engineering special equipment	-	176,307		-	3,205	179,512
Dock and port	-	68,768		-	2,460	71,228
Provision for impairment	36,480	2,624		(3,114)	(1,055)	34,935
Including: Plant & buildings	23,852	2		(12)	(1,125)	22,717
Machinery & equipment	12,439	206		(2,474)	4	10,175
Other equipment	165	7		(78)	(7)	87
Motor vehicles	24	-		-	-	24
Offshore engineering special equipment	-	2,409		(550)	73	1,932
Dock and port	-	-		-	-	-
Carrying amount	1,126,949	386,025		(11,728)	17,255	1,518,501
Including: Plant & buildings	597,919	26,334		(3,229)	8,936	629,960
Machinery & equipment	449,249	65,799		(4,477)	8,721	519,292
Other equipment	50,370	2,806		(1,624)	(5,741)	45,811
Motor vehicles	29,411	48,420		(2,948)	(253)	74,630
Offshore engineering special equipment	-	173,898		550	3,132	177,580
Dock and port	-	68,768		-	2,460	71,228

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS (CONTINUED)

(1) Fixed assets by categories (continued)

RMB'000

Item	Balance at the beginning of the year	Additions		Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost:	11,268,374	4,010,132		(359,686)	(375,692)	14,543,128
Including: Plant & buildings	5,200,460	700,356		(105,971)	(140,981)	5,653,864
Machinery & equipment	4,934,410	894,991		(167,815)	(126,937)	5,534,649
Other equipment	681,692	160,706		(38,914)	(87,178)	716,306
Motor vehicles	451,812	379,390		(46,986)	(20,118)	764,098
Offshore engineering special equipment	-	1,330,948		-	(6,740)	1,324,208
Dock and port	-	543,741		-	6,262	550,003
		Additions for the year	Charge for the year			
Accumulated depreciation:	3,324,249	238,315	1,149,802	(259,540)	(146,377)	4,306,449
Including: Plant & buildings	954,885	21,228	501,485	(84,107)	(40,573)	1,352,918
Machinery & equipment	1,781,913	21,498	428,217	(120,914)	(65,093)	2,045,621
Other equipment	336,629	16,577	125,093	(27,428)	(37,018)	413,853
Motor vehicles	250,822	1,361	51,361	(27,091)	(4,306)	272,147
Offshore engineering special equipment	-	111,920	29,576	-	(217)	141,279
Dock and port	-	65,731	14,070	-	830	80,631
Carrying amount	7,944,125	2,622,015		(100,146)	(229,315)	10,236,679
Including: Plant & buildings	4,245,575	177,643		(21,864)	(100,408)	4,300,946
Machinery & equipment	3,152,497	445,276		(46,901)	(61,844)	3,489,028
Other equipment	345,063	19,036		(11,486)	(50,160)	302,453
Motor vehicles	200,990	326,668		(19,895)	(15,812)	491,951
Offshore engineering special equipment	-	1,189,452		-	(6,523)	1,182,929
Dock and port	-	463,940		-	5,432	469,372
Provision for impairment	249,092	17,703		(21,013)	(15,569)	230,213
Including: Plant & buildings	162,867	16		(79)	(13,105)	149,699
Machinery & equipment	84,934	1,386		(16,698)	(2,572)	67,050
Other equipment	1,130	49		(526)	(80)	573
Motor vehicles	161	-		-	(3)	158
Offshore engineering special equipment	-	16,252		(3,710)	191	12,733
Dock and port	-	-		-	-	-
Carrying amount	7,695,033	2,604,312		(79,133)	(213,746)	10,006,466
Including: Plant & buildings	4,082,708	177,627		(21,785)	(87,303)	4,151,247
Machinery & equipment	3,067,563	443,890		(30,203)	(59,272)	3,421,978
Other equipment	343,933	18,987		(10,960)	(50,080)	301,880
Motor vehicles	200,829	326,668		(19,895)	(15,809)	491,793
Offshore engineering special equipment	-	1,173,200		3,710	(6,714)	1,170,196
Dock and port	-	463,940		-	5,432	469,372

14. FIXED ASSETS (CONTINUED)

(1) Fixed assets by categories (continued)

The depreciation charged for the year of the Group was USD170,439,000 (RMB: 1,149,802,000).

Fixed assets transferred from construction in progress in 2010 was USD115,171,000 (RMB859,752,000).

As at 31 December 2010, the fixed assets of the Group restricted in ownership amounted to USD24,450,000 (RMB161,120,000). Refer to Note V.21 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made USD 27,013,000 (RMB 184,518,000) of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discounting rate. The benchmark rate of bank loans will be adopted as the discounting rate.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS (CONTINUED)

(2) As at the end of 2010, the Group had no temporarily idle fixed assets.

(3) Fixed assets held under finance leases (2009: Nil)

USD'000

Item	Cost	Accumulated depreciation	Carrying amount
As at 31 December 2010			
Special equipment for marine Engineering project	32,658	(1,648)	31,010
Total	32,658	(1,648)	31,010

RMB'000

Item	Cost	Accumulated depreciation	Carrying amount
As at 31 December 2010			
Special equipment for marine Engineering project	220,326	(11,120)	209,206
Total	220,326	(11,120)	209,206

14. FIXED ASSETS (CONTINUED)

(4) Fixed assets leased out under operating leases

Item	Net book value	
	USD'000	RMB'000
Plant & buildings	783	5,157
Motor vehicles	786	5,182
Total	1,569	10,339

(5) Fixed assets held for sale at the year end

As at 31 December 2010, there were no fixed assets held for sale (2009: Nil).

(6) Fixed assets with pending certificates for ownership

Item	Carrying amount		Reasons for pending	Expected time of getting certificate of ownership
	USD'000	RMB'000		
Factory	10,532	69,400	Certificate being in the progress	September, 2011
Workshop	41,355	272,517	Incomplete procedure, certificate being in the progress	End of 2011
Office building	29,266	192,855	Put to use, certificate being in the progress	June, 2011
Warehouse	14,213	93,663	Lack of reporting materials, under preparation	End of 2011
Dormitory and Canteen	5,855	38,581	Put to use, certificate being in the process	End of 2011
Others	9,116	60,071	Certificate being in the progress	By the end of 2011
Total	110,337	727,087		

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CONSTRUCTION IN PROGRESS

(1) Construction in progress

USD'000

Item	2010			2009		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
DLZH Plant Project	2,849	-	2,849	20,496	-	20,496
Nantong CIMC Special Transportation Equipment Third Workshop Project	511	-	511	4,197	-	4,197
TCCIMC 2nd Project	-	-	-	1,606	-	1,606
Enric Four-column Hydraulic Press Project	-	-	-	1,601	-	1,601
Enric Roller-type Rotary Machine and Top-and-bottom Machine	243	-	243	1,233	-	1,233
SMIMCL Jincheng Information System	-	-	-	773	-	773
KGR Vehicle Installation Project	520	-	520	464	-	464
Nantong Sunda Container Complete-line and Coating-line project	30	-	30	455	-	455
Dalian Heavy Logistics Equipments Pressure Vessels Project	28	-	28	59	-	59
Enric First Stage Project	1,316	-	1,316	6,569	-	6,569
Dalian Heavy Logistics Production Line equipment	2,629	-	2,629	4,979	-	4,979
Group headquarters MTS Vehicle Systems	-	-	-	3,253	-	3,253
CIMC Grand Sky Light Hotel Project	5,514	-	5,514	2,279	-	2,279
XHCIMCS Production Line and Power Facilities Reconstruction Project	2,018	-	2,018	2,217	-	2,217
Enric Heavy Pressure Vessel Workshop	1,939	-	1,939	1,123	-	1,123
TCCIMC Inside-container Automatic Spray Project	-	-	-	1,106	-	1,106
Enric Staff Apartment project	-	-	-	1,005	-	1,005
Xinhui Wood Factory 5th and 6th Project	2,003	-	2,003	-	-	-
Southern Salt Square 2nd Stage Project	6,042	-	6,042	-	-	-
LYLY vehicle 2nd Phase Project	1,335	-	1,335	-	-	-
Head office residential facilities for Haigong research center	2,952	-	2,952			
YZTL Steel Structure Factory Project	1,247	-	1,247	-	-	-
Enric 3rd Phase Project	1,095	-	1,095	-	-	-
Eastern Logistic 3rd Phase Project	5,517	-	5,517			
Raffles Offshore Drilling Platform outfitting quay project	46,268	-	46,268	-	-	-
Raffles harbor basin project	12,573	-	12,573	-	-	-
Raffles Dredging Offshore Project	5,856	-	5,856	-	-	-
Raffles No1 and No 2 slideway project	15,065	-	15,065	-	-	-
Raffles sea route project	1,778	-	1,778	-	-	-
Raffles Longmen Crane Project	3,341	-	3,341	-	-	-
Raffles Plant Road Project	1,554	-	1,554	-	-	-
Raffles Jack-up Drilling Platform	82,180	-	82,180	-	-	-
Others	51,221	-	51,221	30,541	-	30,541
Total	257,624	-	257,624	83,956	-	83,956

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(1) Construction in progress (continued)

RMB'000

Item	2010 Cost	2010 Impairment	2010 Carrying amount	2009 Cost	2009 Impairment	2009 Carrying amount
DLZH Plant Project	18,774	-	18,774	139,952	-	139,952
Nantong CIMC Special Transportation Equipment Third Workshop Project	3,367	-	3,367	28,657	-	28,657
TCCIMC 2nd Project	-	-	-	10,963	-	10,963
Enric Four-column Hydraulic Press Project	-	-	-	10,935	-	10,935
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,601	-	1,601	8,423	-	8,423
SMIMCL Jincheng Information System	-	-	-	5,278	-	5,278
KGR Vehicle Installation Project	3,427	-	3,427	3,169	-	3,169
Nantong Sunda Container Complete-line and Coating-line project	198	-	198	3,103	-	3,103
Dalian Heavy Logistics Equipments Pressure Vessels Project	185	-	185	406	-	406
Enric First Stage Project	8,672	-	8,672	44,853	-	44,853
Dalian Heavy Logistics Production Line equipment	17,324	-	17,324	33,996	-	33,996
Group headquarters MTS Vehicle Systems	-	-	-	22,210	-	22,210
CIMC Grand Sky Light Hotel Project	36,337	-	36,337	15,559	-	15,559
XHCIMCS Production Line and Power Facilities Reconstruction Project	13,298	-	13,298	15,141	-	15,141
Enric Heavy Pressure Vessel Workshop	12,777	-	12,777	7,667	-	7,667
TCCIMC Inside-container Automatic Spray Project	-	-	-	7,550	-	7,550
Enric Staff Apartment project	-	-	-	6,864	-	6,864
Xinhui Wood Factory 5th and 6th Project	13,200	-	13,200	-	-	-
Southern Salt Square 2nd Stage Project	39,815	-	39,815	-	-	-
LYLY vehicle 2nd Phase Project	8,800	-	8,800	-	-	-
Head office residential facilities for Haigong research center	19,453	-	19,453	-	-	-
YZTL Steel Structure Factory Project	8,218	-	8,218	-	-	-
Enric 3rd Phase Project	7,213	-	7,213	-	-	-
Eastern Logistic 3rd Phase Project	36,355	-	36,355	-	-	-
Raffles Offshore Drilling Platform outfitting quay project	304,892	-	304,892	-	-	-
Raffles harbor basin project	82,851	-	82,851	-	-	-
Raffles Dredging Offshore Project	38,588	-	38,588			
Raffles No1 and No 2 slideway project	99,275	-	99,275			
Raffles sea route project	11,718	-	11,718			
Raffles Longmen Crane Project	22,018	-	22,018			
Raffles Plant Road Project	10,243	-	10,243			
Raffles Jack-up Drilling Platform	541,542	-	541,542			
Others	337,523	-	337,523	208,543	-	208,543
Total	1,697,664	-	1,697,664	573,269	-	573,269

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(1) Construction in progress (continued)

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of USD2,655,000, equivalent to RMB 17,912,000 (2009: USD1,381,000, equivalent to RMB9,427,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 5.09% (2009: 4.72%).

As at 31 December 2010, the construction in progress of the Group with restrictions in ownership amounted to USD 5,514,000, equivalent to RMB 36,337,000. Refer to Note V.21 for details. (2009: Nil).

(2) Provision for impairment

There was no provision for impairment for work in progress in 2010 (2009: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) The Group's major construction projects in progress were set out as follows:

USD'000

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of current input over budget (%)	Progress	Accumulated capitalized borrowing cost	Including current year capitalized borrowing cost	Capitalized rate (%)	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
DLZH Plant Project	25,000	20,496	144	(17,791)	-	82.56%	82.56%	770	-	4.78%	Bank Loan	-	2,849
Nantong CIMC Special Transportation Equipment Third Workshop Project	5,202	4,197	1,939	(5,625)	-	117.90%	95.00%	-	-	-	Self-funding	-	511
TCCIMC 2nd stage project	1,606	1,606	-	(1,606)	-	100.00%	100.00%	-	-	-	Self-funding	-	-
Enric Four-column Hydraulic Press Project	2,136	1,601	-	(1,601)	-	74.96%	100.00%	-	-	-	Self-funding	-	-
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,514	1,233	-	(1,011)	-	81.49%	81.49%	-	-	-	Self-funding	21	243
Enric First Stage Project	7,608	6,569	188	(5,550)	-	88.81%	88.81%	-	-	-	Self-funding	109	1,316
Dalian Heavy Logistics Production Line Equipment	21,000	4,979	-	(2,350)	-	23.71%	23.71%	-	-	-	Self-funding	-	2,629
Group headquarters MTS Vehicle Systems	3,647	3,253	-	(3,253)	-	89.19%	100.00%	-	-	-	Self-funding	-	-
CIMC Grand Sky Light Hotel Project	12,595	2,279	3,016	-	-	42.54%	42.54%	64	64	4.96%	Bank Loan	155	5,514
XHCIMCS Production Line and Power Facilities Reconstructions Project	2,900	2,217	-	(199)	-	76.46%	76.46%	-	-	-	Self-funding	-	2,018
Enric Heavy Pressure Vessel Workshop	3,745	1,123	758	-	-	50.58%	50.58%	-	-	-	Self-funding	58	1,939
TCCIMC Inside-container Automatic Spray Project	1,391	1,106	-	(1,106)	-	79.47%	100.00%	-	-	-	Self-funding	-	-
Enric Staff Apartment Project	1,005	1,005	-	(1,005)	-	100.00%	100.00%	-	-	-	Self-funding	-	-
Southern Salt Square Project	9,860	-	5,902	-	-	59.85%	59.85%	-	-	-	Self-funding	140	6,042
LYLY Vehicle 2nd Phase Project	2,908	-	1,304	-	-	44.85%	44.85%	-	-	-	Self-funding	31	1,335
Head Office residential facilities for Haigong research center	3,000	-	2,952	-	-	98.40%	98.40%	-	-	-	Self-funding	-	2,952
YZTL Steel Structure Factory Project	2,276	-	1,218	-	-	53.51%	53.51%	-	-	-	Self-funding	29	1,247
Enric 3rd Phase Project	4,269	-	1,069	-	-	25.64%	25.64%	-	-	-	Self-funding	26	1,095
Eastern Logistic 3rd Phase Project	28,000	-	5,517	-	-	19.70%	19.70%	-	-	-	Self-funding	-	5,517
XHW 5th and 6th Stage Project	4,866	-	1,957	-	-	40.21%	40.21%	-	-	-	Self-funding	46	2,003
Raffles Offshore Drilling Platform outfitting quay project	57,062	-	44,486	-	-	77.96%	77.96%	1,782	1,782	5.74%	Bank Loan	-	46,268
Raffles harbor basin project	24,288	-	12,573	-	-	51.77%	51.77%	-	-	-	Self-funding	-	12,573
Raffles Dredging Offshore Project	9,479	-	5,856	-	-	61.78%	61.78%	-	-	-	Self-funding	-	5,856
Raffles No.1 and No.2 Slideway Project	17,761	-	15,065	-	-	84.82%	84.82%	-	-	-	Self-funding	-	15,065
Raffles Sea Route Project	10,930	-	1,778	-	-	16.27%	16.27%	-	-	-	Self-funding	-	1,778
Raffles Longmen Crane Project	4,858	-	3,551	(210)	-	73.11%	73.11%	-	-	-	Self-funding	-	3,341
Raffles Plant Road Project	1,670	-	1,554	-	-	93.09%	93.09%	-	-	-	Self-funding	-	1,554
Raffles Jack-up Drilling Platform	180,000	-	82,180	-	-	45.66%	45.66%	-	-	-	Self-funding	-	82,180
Total	450,576	51,664	193,007	(41,307)	-			2,616	1,846	-		615	205,825

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) The Group's major construction projects in progress were set out as follows:

RMB'000

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of current input over budget(%)	Progress	Accumulated capitalised borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate(%)	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
DLZH Plant Project	170,705	139,952	971	(120,032)	-	82.56%	82.56%	5,196	-	4.78%	Bank Loan	(2,117)	18,774
Nantong CIMC Special Transportation Equipment Third Workshop Project	35,519	28,657	13,079	(37,946)	-	117.90%	95.00%	-	-	-	Self-funding	(423)	3,367
TCCIMC 2nd stage project	10,832	10,963	-	(10,832)	-	100.00%	100.00%	-	-	-	Self-funding	(131)	-
Enric Four-column Hydraulic Press Project	14,588	10,935	-	(10,935)	-	74.96%	100.00%	-	-	-	Self-funding	-	-
Enric Roller-type Rotary Machine and Top-and-bottom Machine	10,336	8,423	-	(6,822)	-	81.49%	81.49%	-	-	-	Self-funding	-	1,601
Enric First Stage Project	51,950	44,853	1,265	(37,446)	-	88.81%	88.81%	-	-	-	Self-funding	-	8,672
Dalian Heavy Logistics Production Line Equipment	143,392	33,996	-	(15,849)	-	23.71%	23.71%	-	-	-	Self-funding	(823)	17,324
Group headquarters MTS Vehicle Systems	24,902	22,210	-	(21,945)	-	89.19%	100.00%	-	-	-	Self-funding	(265)	-
CIMC Grand Sky Light Hotel Project	86,000	15,559	20,344	-	-	42.54%	42.54%	434	434	4.96%	Bank Loan	-	36,337
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	15,141	-	(1,348)	-	76.46%	76.46%	-	-	-	Self-funding	(495)	13,298
Enric Heavy Pressure Vessel Workshop	25,570	7,667	5,110	-	-	50.58%	50.58%	-	-	-	Self-funding	-	12,777
TCCIMC Inside-container Automatic Spray Project	9,500	7,550	-	(7,460)	-	79.47%	100.00%	-	-	-	Self-funding	(90)	-
Enric Staff Apartment project	6,864	6,864	-	(6,864)	-	100.00%	100.00%	-	-	-	Self-funding	-	-
Southern Salt Square Project	66,520	-	39,815	-	-	59.85%	59.85%	-	-	-	Self-funding	-	39,815
LYLY vehicle 2nd Phase Project	19,620	-	8,800	-	-	44.85%	44.85%	-	-	-	Self-funding		8,800
Head office residential facilities for Haigong research center	19,769	-	19,916	-	-	98.40%	98.40%	-	-	-	Self-funding	(463)	19,453
YZTL Steel Structure Factory Project	15,000	-	8,218	-	-	53.51%	53.51%	-	-	-	Self-funding	-	8,218
Enric 3rd Phase Project	28,132	-	7,213	-	-	25.64%	25.64%	-	-	-	Self-funding	-	7,213
Eastern Logistic 3rd Phase Project	184,512	-	37,220	-	-	19.70%	19.70%	-	-	-	Self-funding	(865)	36,355
XHW 5th and 6th stage Factrory	32,831	-	13,200	-	-	40.21%	40.21%	-	-	-	Self-funding	-	13,200
Raffles Offshore Drilling Platform outfitting quay project	384,966	-	300,126	-	-	77.96%	77.96%	12,021	12,021	5.47%	Bank Loan	(7,255)	304,892
Raffles harbor basin project	163,859	-	84,823	-	-	51.77%	51.77%	-	-	-	Self-funding	(1,972)	82,851
Raffles Dredging Offshore Project	63,951	-	39,506	-	-	61.78%	61.78%	-	-	-	Self-funding	(918)	38,588
Raffles No1 and No 2 slideway project	119,822	-	101,637	-	-	84.82%	84.82%	-	-	-	Self-funding	(2,362)	99,275
Raffles sea route project	73,737	-	11,997	-	-	16.27%	16.27%	-	-	-	Self-funding	(279)	11,718
Raffles Longmen Crane Project	32,772	-	23,960	(1,418)	-	73.11%	73.11%	-	-	-	Self-funding	(524)	22,018
Raffles Plant Road Project	11,265	-	10,486	-	-	93.09%	93.09%	-	-	-	Self-funding	(243)	10,243
Raffles Jack-up Drilling Platform	1,214,370		554,428			45.66%	45.66%	-	-	-	Self-funding	(12,886)	541,542
Total	3,041,086	352,770	1,302,114	(278,897)	-			17,651	12,455	-		(32,111)	1,356,331

B.

16. INTANGIBLE ASSETS

(1) Intangible assets by categories

USD'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost	514,115	118,634	(2,432)	5,770	636,087
Land use rights	351,448	81,468	(2,423)	5,271	435,764
Technical know-how and trademarks	98,844	23,738	(9)	972	123,545
Timber concession rights	36,052	-	-	(88)	35,964
Customer relationships	16,794	-	-	(293)	16,501
Customer contracts	10,977	9,526	-	(233)	20,270
Maritime use rights		3,902	-	141	4,043
Accumulated amortisation	91,428	41,150	(165)	(659)	131,754
Land use rights	32,623	7,557	(158)	382	40,404
Technical know-how and trademarks	30,610	23,469	(7)	1,589	55,661
Timber concession rights	13,841	712	-	(72)	14,481
Customer relationships	6,177	2,442	-	(1,207)	7,412
Customer contracts	8,177	6,229	-	(1,377)	13,029
Maritime space use rights		741	-	26	767
Carrying amount	422,687	77,484	(2,267)	6,429	504,333
Land use rights	318,825	73,911	(2,265)	4,889	395,360
Technical know-how and trademarks	68,234	269	(2)	(617)	67,884
Timber concession rights	22,211	(712)	-	(16)	21,483
Customer relationships	10,617	(2,442)	-	914	9,089
Customer contracts	2,800	3,297	-	1,144	7,241
Maritime space use rights		3,161	-	115	3,276
Provision for impairment	15,899	-	-	10	15,909
Land use rights	-	-	-	-	-
Technical know-how and trademarks	-	-	-	-	-
Timber concession rights	15,899	-	-	10	15,909
Customer relationships	-	-	-	-	-
Customer contracts	-	-	-	-	-
Maritime space use rights		-	-	-	-
Carrying amount	406,788	77,484	(2,267)	6,419	488,424
Land use rights	318,825	73,911	(2,265)	4,889	395,360
Technical know-how and trademarks	68,234	269	(2)	(617)	67,884
Timber concession rights	6,312	(712)	-	(26)	5,574
Customer relationships	10,617	(2,442)	-	914	9,089
Customer contracts	2,800	3,297	-	1,144	7,241
Maritime space use rights	-	3,161	-	115	3,276

16. INTANGIBLE ASSETS (CONTINUED)

(1) Intangible assets by categories (continued)

RMB'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
Cost	3,510,468	800,365	(16,408)	(102,800)	4,191,625
Land use rights	2,399,754	549,623	(16,344)	(61,479)	2,871,554
Technical know-how and trademarks	674,926	160,150	(64)	(20,884)	814,128
Timber concession rights	246,167	-	-	(9,175)	236,992
Customer relationships	114,676	-	-	(5,940)	108,736
Customer contracts	74,945	64,269	-	(5,641)	133,573
Maritime use rights		26,323	-	319	26,642
Accumulated amortisation	624,283	277,672	(1,113)	(32,622)	868,220
Land use rights	222,751	50,984	(1,066)	(6,419)	266,250
Technical know-how and trademarks	209,015	158,380	(47)	(558)	366,790
Timber concession rights	94,509	4,803	-	(3,887)	95,425
Customer relationships	42,176	16,476	-	(9,809)	48,843
Customer contracts	55,832	42,027	-	(12,002)	85,857
Maritime space use rights		5,002	-	53	5,055
Carrying amount	2,886,185	522,693	(15,295)	(70,178)	3,323,405
Land use rights	2,177,003	498,639	(15,278)	(55,060)	2,605,304
Technical know-how and trademarks	465,911	1,770	(17)	(20,326)	447,338
Timber concession rights	151,658	(4,803)	-	(5,288)	141,567
Customer relationships	72,500	(16,476)	-	3,869	59,893
Customer contracts	19,113	22,242	-	6,361	47,716
Maritime space use rights		21,321	-	266	21,587
Provision for impairment	108,559	-	-	(3,725)	104,834
Land use rights	-	-	-	-	-
Technical know-how and trademarks	-	-	-	-	-
Timber concession rights	108,559	-	-	(3,725)	104,834
Customer relationships	-	-	-	-	-
Customer contracts	-	-	-	-	-
Maritime space use rights		-	-	-	-
Carrying amount	2,777,626	522,693	(15,295)	(66,453)	3,218,571
Land use rights	2,177,003	498,639	(15,278)	(55,060)	2,605,304
Technical know-how and trademarks	465,911	1,770	(17)	(20,326)	447,338
Timber concession rights	43,099	(4,803)	-	(1,563)	36,733
Customer relationships	72,500	(16,476)	-	3,869	59,893
Customer contracts	19,113	22,242	-	6,361	47,716
Maritime space use rights	-	21,321	-	266	21,587

16. INTANGIBLE ASSETS (CONTINUED)

(1) Intangible assets by categories (continued)

The amortisation charged for the year of the Group was USD 31,054,000 (RMB: 209,506,000).

As at 31 December 2010, the cost of the Group's intangible assets with certificates of ownership to be obtained amounted to USD 6,327,000 (RMB41,694,000). The relevant procedures were under progress and expected to be completed at the end of 2011.

As at 31 December 2010, the Group had intangible assets with restriction in ownership amounted to USD 23,765,000 (RMB 156,607,000). (2009: USD2,929,000, RMB20,000,000).

The Group consolidated Raffles (Refer to Note IV.6 (1) for details) in 2010. The intangible assets of Raffles were stated at assessed fair value in the consolidated financial statement. The intangible assets whose value was over USD 1 million were listed below:

	Initial costs		Assessment method
	Amount USD'000	RMB equivalent RMB'000	
- Land and Maritime use rights	48,889	329,830	Market approach
- Customer relationships	9,526	64,269	Discounted cash flow method
- Software using right	11,456	77,286	Discounted cash flow method
	69,871	471,385	

The intangible assets assessment institute for Raffles is Deloitte & Touche Financial Advisory Services Limited.

The timber concession right amounting to USD18,574,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Group Since around 75,000 acres of the forest in the above timber concession rights were located in a nature reservation zone, the government of Suriname took back the timber concession rights in 2003. The Group had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of USD2,116,000 was made to this part of timber concession rights.

16. INTANGIBLE ASSETS (CONTINUED)

(1) Intangible assets by categories (continued)

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to USD17,501,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group since 2001. In view of this, full provision for impairment amounting to USD13,783,000 was made on the carrying value of the above timber concession rights.

As at 31 December 2010, there were no intangible assets with indefinite useful lives.

17. GOODWILL

USD'000

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
Enric	(1)a	92,114	-	-	-	92,114	-
TGE SA	(1)b	28,557	-	-	(1,128)	27,429	-
LCRO	IV.6(2)		1,170	-	-	1,170	-
Others		56,026	-	(28)	625	56,623	1,757
Total		176,697	1,170	(28)	(503)	177,336	1,757

RMB'000

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
Enric	(1)a	628,973	-	-	(21,969)	607,004	-
TGE SA	(1)b	194,993	-	-	(14,244)	180,749	-
LCRO	IV.6 (2)		7,710	-	-	7,710	-
Others		382,556	-	(189)	(9,236)	373,131	11,578
Total		1,206,522	7,710	(189)	(45,449)	1,168,594	11,578

17. GOODWILL

(1) Impairment test for asset group including goodwill

The Group's allocation of goodwill to asset group according to operation segments or business segments is as follows:

USD'000

	2010	2009
Container Industry	19,352	19,352
Trailers	11,799	11,799
Tank equipments industry	127,690	128,873
Asset groups with insignificant allocation percentage of goodwill	18,495	16,673
Total	177,336	176,697

RMB'000

	2010	2009
Container Industry	127,524	132,139
Trailers	77,752	80,566
Tank equipments industry	841,439	879,971
Asset groups with insignificant allocation percentage of goodwill	121,879	113,846
Total	1,168,594	1,206,522

(a) Goodwill attributable to Enric

The Group paid USD144,291,628 (RMB1,094,076,842) as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities, amounted to USD92,113,833 (RMB701,034,168), was recognised as goodwill attributable to Enric.

The recoverable amount of Enric is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 6.4%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on key assumptions of 19% of gross profit ratio and 10% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

17. GOODWILL (CONTINUED)

(b) Goodwill attributable to TGE SA

The Group paid USD35,605,021 (RMB243,096,841) as acquisition cost for the 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities, amounting to USD13,188,894 (RMB90,048,493), was recognised as good will attributable to TGE SA. The goodwill together with which arose from TGE SA restructuring, amounting to USD15,197,477 (RMB103,759,294), are USD28,386,371 (RMB193,807,787).

The recoverable amount of TGE SA is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 6.4%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of TGE SA was based on key assumptions of 9% of gross profit ratio and 5% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. LONG-TERM DEFERRED EXPENSES

USD'000

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
Water and electricity capacity enlargement expenses	474	104	(404)	-	5	179	None
Rental	1,167	536	(807)	-	21	917	None
Others	2,828	2,455	(2,207)	-	74	3,150	None
Total	4,469	3,095	(3,418)	-	100	4,246	None

RMB'000

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
Water and electricity capacity enlargement expenses	3,234	705	(2,723)	-	(38)	1,178	None
Rental	7,965	3,614	(5,446)	-	(95)	6,038	None
Others	19,314	16,564	(14,890)	-	(226)	20,762	None
Total	30,513	20,883	(23,059)	-	(359)	27,978	None

19. DEFERRED TAX ASSETS AND LIABILITIES

(1) Deferred tax assets or liabilities after offsetting and corresponding deductable or taxable timing differences

USD'000

Item	Deductible/(taxable) temporary difference 2010	Deferred tax assets/(liabilities) 2010	Deductible/(taxable) temporary difference 2009	Deferred tax assets/(liabilities) 2009
Deferred tax assets:				
Provisions for impairment	96,296	20,323	92,808	20,430
Provisions	68,749	13,911	55,913	12,626
Employee benefits payable	134,444	30,109	70,927	15,080
Accrued expenses	43,851	7,042	17,562	4,373
Tax losses carry-forward	135,878	23,273	39,059	9,164
Movement for fair value of financial assets held for trading/hedging instruments	20,864	5,008	21,171	4,667
Others	10,117	3,229	2,025	483
Subtotal	510,199	102,895	299,465	66,823
Offsetting amount	(123,057)	(28,620)	(59,954)	(13,230)
Net amount after offsetting	387,142	74,275	239,511	53,593
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedging instruments	(11,734)	(2,435)	(323)	(64)
Available-for-sale financial assets	(105,478)	(25,184)	(145,906)	(32,099)
Movement for fair value of hedging instrument	(2,053)	(565)	(3,164)	(693)
Revaluation gain through combination	(150,349)	(41,891)	(163,713)	(45,401)
Estimated dividend income earned for non-resident foreign enterprises	(377,864)	(28,410)	(206,080)	(12,966)
Others	(94,168)	(17,068)	(4,753)	(1,197)
Subtotal	(741,646)	(115,553)	(523,939)	(92,420)
Offsetting amount	123,057	28,620	59,954	13,230
Net amount after offsetting	(618,589)	(86,933)	(463,985)	(79,190)

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(1) Deferred tax assets or liabilities after offsetting and corresponding deductable or taxable timing differences (continued)

RMB'000

Item	Deductible/(taxable) temporary difference 2010	Deferred tax assets/(liabilities) 2010	Deductible/(taxable) temporary difference 2009	Deferred tax assets/(liabilities) 2009
Deferred tax assets:				
Provisions for impairment	634,562	133,922	633,710	139,500
Provisions	453,035	91,669	381,782	86,214
Employee benefits payable	885,946	198,409	484,302	102,969
Accrued expenses	288,965	46,405	119.917	29,860
Tax losses carry-forward	895,395	153,362	266,702	62,575
Movement for fair value of financial assets held for trading/hedging instruments	137,488	33,001	144,561	31,865
Others	66,668	21,285	14,192	3,297
Subtotal	3,362,059	678,053	2,045,166	456,280
Offsetting amount	(810,909)	(188,597)	(409,734)	(90,334)
Net amount after offsetting	2,551,150	489,456	1,635,432	365,946
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedging instruments	(77,324)	(16,046)	(2,207)	(435)
Available-for-sale financial assets	(723,531)	(172,414)	(996,275)	(219,680)
Movement for fair value of hedging instrument	(14,070)	(3,858)	(21,565)	(4,108)
Revaluation gain through combination	(990,755)	(276,049)	(1,117,866)	(309,938)
Estimated dividend income earned for non-resident foreign enterprises	(2,490,010)	(187,213)	(1,407,153)	(88,534)
Others	(591,535)	(105,883)	(32,849)	(8,361)
Subtotal	(4,887,225)	(761,463)	(3,577,915)	(631,056)
Offsetting amount	810,909	188,597	409,734	90,334
Net amount after offsetting	(4,076,316)	(572,866)	(3,168,181)	(540,722)

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(2) Unrecognised deferred tax assets

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Tax losses carry-forward	54,886	361,682	60,679	414,326
Impairment losses of timber Concession rights	8,463	55,769	8,463	57,787
Others	25,914	170,765	11,693	79,845
Total	89,263	588,216	80,835	551,958

(3) Expiry dates of tax credit for unrecognised deferred tax assets are as follows:

Year	2010		2009		Note
	USD'000	RMB'000	USD'000	RMB'000	
2010	-	-	1,406	9,599	
2011	13,524	89,119	11,110	75,860	
2012	6,446	42,477	22,273	152,086	
2013	34,212	225,447	63,113	430,946	
2014	43,944	289,578	131,575	898,422	
2015	79,798	525,845	-	-	
More than 5 years	59,605	392,779	53,265	363,709	Note 1
Total	237,529	1,565,245	282,742	1,930,622	

At 31 December 2010, the Group had no unrecognised deferred tax liabilities.

Note 1: By the end of 2009 and 2010, 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.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. PROVISIONS FOR IMPAIRMENT

Item	Note	Balance at at the beginning of the year USD'000	Charge for the year USD'000	Decrease during the year Reversal USD'000	Write off USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Receivables	V.4-6,8,11	53,906	42,650	(10,571)	(16,811)	1,920	71,094
Inventories	V.7	103,231	14,381	(5,842)	(89,498)	466	22,738
Long-term equity investment	V.12	465	-	-	-	-	465
Fixed assets	V.14	36,480	2,624	-	(3,114)	(1,055)	34,935
Intangible assets	V.16	15,899	-	-	-	10	15,909
Goodwill	V.17	1,757	-	-	-	-	1,757
Total		211,738	59,655	(16,413)	(109,423)	1,341	146,898

Item	Note	Balance at the beginning of the year RMB'000	Charge for the year RMB'000	Decrease exchange during the year Reversal RMB'000	Write off RMB'000	Effect of foreign the end rate changes RMB'000	Balance at of the year RMB'000
Receivables	V.4-6,8,11	368,071	287,958	(71,326)	(113,412)	(2,811)	468,488
Inventories	V.7	704,880	97,022	(39,412)	(603,799)	(8,853)	149,838
Long-term equity investment	V.12	3,175	-	-	-	(110)	3,065
Fixed assets	V.14	249,092	17,703	-	(21,013)	(15,569)	230,213
Intangible assets	V.16	108,559	-	-	-	(3,725)	104,834
Goodwill	V.17	11,997	-	-	-	(419)	11,578
Total		1,445,782	402,683	(110,738)	(738,224)	(31,487)	968,016

Please refer to the respective notes of the assets for reasons of the provisions.

21. RESTRICTED ASSETS

As at 31 December 2010, the Group's assets with restrictions in their ownership are as follows:

Item	Note	Balance at the beginning of the year USD'000	Additions for the year USD'000	Decrease during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Assets guaranteed						
- Cash at bank and on hand	V.1	127,807	140,908	(141,987)	3,518	130,246
- Accounts receivable	V.4	3,221	146,000	(3,221)	-	146,000
- Fixed assets	V.14	6,798	19,616	(2,142)	178	24,450
- Construction in progress	V.15	-	5,386	-	128	5,514
- Intangible assets	V.16	2,929	23,765	(2,929)	-	23,765
Total		140,755	335,675	(150,279)	3,824	329,975

Item	Note	Balance at the beginning of the year RMB'000	Additions for the year RMB'000	Decrease during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Assets guaranteed						
- Cash at bank and on hand	V.1	872,692	950,635	(957,917)	(7,129)	858,281
- Accounts receivable	V.4	21,990	984,989	(21,727)	(23,156)	962,096
- Fixed assets	V.14	46,415	132,340	(14,450)	(3,185)	161,120
- Construction in progress	V.15	-	36,337	-	-	36,337
- Intangible assets	V.16	20,000	160,333	(19,761)	(3,965)	156,607
Total		961,097	2,264,634	(1,013,855)	(37,435)	2,174,441

The above fixed assets, construction in progress and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.22 and Note V.34 for short-term and long-term secured loans analysis.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. SHORT-TERM LOANS

(1) Short-term loans by categories:

Item	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Guarantee loans	(a)				
- RMB		582,125	3,836,026	78,893	538,700
- USD		68,360	450,471	5,500	37,555
- JPY		1,521	10,021	-	-
- GBP		5,819	38,343	-	-
- EUR		11,586	76,351	-	-
- SGD		715	4,710	-	-
Subtotal		670,126	4,415,922	84,393	576,255
Secured loans	(b)				
- RMB		-	-	1,977	13,500
- USD		13,100	86,325	14,900	101,740
- EUR		2,632	17,346	-	-
- SGD		95	624	-	-
Subtotal		15,827	104,295	16,877	115,240
Pledge loans	(c)				
- USD		146,000	962,096	3,221	21,990
Subtotal		146,000	962,096	3,221	21,990
Loans on credit					
- RMB		101,996	672,125	185,158	1,264,301
- USD		233,204	1,536,746	203,822	1,391,735
- EUR		29,477	194,247	88,930	607,232
- HKD		64,324	423,878	-	-
- AUD		-	-	148	1,007
Subtotal		429,001	2,826,996	478,058	3,264,275
Other loans	(d)				
- RMB		-	-	26,320	179,717
Subtotal		-	-	26,320	179,717
Total		1,260,954	8,309,309	608,869	4,157,477

(a) As at 31 December 2010, guarantee loans of the Group included bank loans amounting to USD 16,072,000 guaranteed by the Company for its subsidiaries, USD 84,426,000 guaranteed by HI for its subsidiaries, USD 3,000,000 guaranteed by Enric for its subsidiaries and USD 558,539,000 guaranteed by Raffles for its subsidiaries, USD 8,089,000 guaranteed by the minority shareholders of the Group's subsidiaries.

(b) As at 31 December 2010, borrowings of Vangurad National Trailer Corporation("Vanguard"), a subsidiary of the Group, amounting to USD 13,100,000 raised from Bank of Communications Co., Ltd. New York Branch were secured by Vanguard's property and guaranteed by CIMC Hong Kong. Borrowings amounting to EUR 1,971,000, equivalent to USD2,632,000, raised from bank were secured by Enric's property.

22. SHORT-TERM LOANS (CONTINUED)

(1) Short-term loans by categories (continued):

(c) As at 31 December 2010, the Group's pledge loans amounting to USD130,000,000 and USD16,000,000 were pledged by the accounts receivable of its subsidiaries, Raffles and YZRYL.

(d) As at 31 December 2009, the Group's other short-term loans were obtained from discounting bills receivable of its subsidiaries.

(e) As at 31 December 2010, the Group's bank loan includes short-term loans of USD50,000,000 (RMB329,485,000) and long-term loans of USD 80,000,000 (RMB 527,176,000) of Raffles, a subsidiary of the Group. The long-term loans of USD 80,000,000 (RMB 527,176,000) were reclassified as short-term due to Raffles' breach of terms of the loan agreement regarding the requirements of certain Raffles' financial ratios.

(f) As at 31 December 2010, no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties was included in the above balance of short-term loans.

(2) **As at 31 December 2010, the Group had no past due and un-repaid short-term loans.**

23. FINANCIAL LIABILITIES HELD FOR TRADING

Item	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Current:					
Derivative financial liabilities					
- foreign future contracts	V.2.(3)	578	3,810	58	395
Subtotal		578	3,810	58	395
Non-current:					
Derivative financial liabilities					
- swap contract for interest rate	V.23.(1)	11,543	76,066	12,161	83,040
- foreign exchange option	V.23.(2)	11,871	78,226	10,486	71,601
Subtotal		23,414	154,292	22,647	154,641
Total		23,992	158,102	22,705	155,036

23. FINANCIAL LIABILITIES HELD FOR TRADING (CONTINUED)

(1) As at 31 December 2010, the Company and subsidiaries separately had 9 and 5 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD 380,000,000. The maturity dates of these interest rate swap contracts range from 23 May 2012 to 28 April 2017. As at 31 December 2010, the Group recognised on the foresaid contracts in their fair values of USD11,543,000 (including USD8,896,000 of fair value recognised by the Company) as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(2) As at 31 December 2010, the Company had 2 unsettled forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 4,580,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement dates of the aforesaid forwards contracts range from 30 May 2012 to 29 June 2012.

As at 31 December 2010, the Company recognised the aforesaid 2 forwards contracts in their fair values of USD11,871,000 as expenses and financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

24. BILLS PAYABLE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	369,523	2,435,043	175,760	1,200,122
Commercial acceptance bills	15,718	103,580	3,803	25,969
Total	385,241	2,538,623	179,563	1,226,091

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills payable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. ACCOUNTS PAYABLE

(1) The Group's accounts payable is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Raw materials suppliers	1,383,599	9,117,500	653,504	4,462,255

As at 31 December 2010, there was no individual major accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

	2010				2009			
Currency	Original currency '000	Exchange rate	USD '000	RMB '000	Original currency '000	Exchange rate	USD '000	RMB '000
RMB	5,806,328	6.5897	881,123	5,806,328	2,855,123	6.8282	418,137	2,855,123
USD	443,815	1.0000	443,815	2,924,606	213,025	1.0000	213,025	1,454,578
HKD	200,411	7.7734	25,782	169,893	103,964	7.7546	13,407	91,544
JPY	43,843	81.37	538	3,551	4,569	90.28	51	346
EUR	17,757	0.7490	23,708	156,227	6,110	0.6940	8,804	60,113
AUD	8,255	0.9828	8,399	55,350	59	1.1116	53	361
Others	-	-	234	1,545	-	-	27	190
Total			1,383,599	9,117,500			653,504	4,462,255

(2) **No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.**

26. ADVANCES FROM CUSTOMERS

(1) The Group's advances from customers is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Advances for goods	123,173	811,674	74,255	507,028
Advances for construction	94,212	620,826	76,044	519,243
Advances for property	76,267	502,573	34,454	235,261
Others	99	658	1,329	9,070
Total	293,751	1,935,731	186,082	1,270,602

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 31 December 2010, there was no significant advances aged over one year.

27. EMPLOYEE BENEFITS PAYABLE

Item	Balance at the beginning of the year USD'000	Accrued during the year USD'000	Paid during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Salaries, bonus, and allowances	66,830	469,009	(418,064)	795	118,570
Senior management bonus	26,018	16,862	(1,987)	-	40,893
Severance payment	18	225	(231)	-	12
Social insurances and others	26,261	123,278	(102,286)	494	47,747
Total	119,127	609,374	(522,568)	1,289	207,222

Item	Balance at the beginning of the year RMB'000	Accrued during the year RMB'000	Paid during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Salaries, bonus, and allowances	456,331	3,164,166	(2,820,468)	(18,686)	781,343
Senior management bonus	177,656	113,762	(13,405)	(8,538)	269,475
Severance payment	123	1,517	(1,561)	-	79
Social insurances and others	179,315	831,698	(690,075)	(6,303)	314,635
Total	813,425	4,111,143	(3,525,509)	(33,527)	1,365,532

27. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

As at 31 December 2010, there was no delayed payment of employee benefits.

As at 31 December 2010, aforesaid "social insurances and others" included labour union fees and employee education fees amounting to USD4,604,000 (RMB30,341,000). There was no non-monetary benefits during the year.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management, therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

28. Taxes payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
VAT payable	10,129	66,744	21,162	144,500
Business tax payable	1,295	8,533	787	5,374
Income tax payable	89,537	590,029	53,244	363,562
Withholding tax	12,095	79,699	11,643	79,503
Others	6,700	44,150	4,405	30,072
Total	119,756	789,155	91,241	623,011

29. INTEREST PAYABLE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Interest payable for long-term loan	473	3,120	295	2,017
Interest payable for short-term loan	1,525	10,048	1,000	6,827
	1,998	13,168	1,295	8,844

30. DIVIDENDS PAYABLE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Minority shareholders of subsidiaries	2,435	16,046	4,604	31,434

31. OTHER PAYABLES

(1) The analysis of the Group's other payables is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Quality guarantees	21,538	141,932	17,599	120,171
Deposits and mortgage				
Advance received	71,228	469,371	39,988	273,041
Transportation expenses	38,923	256,492	23,808	162,566
Equipment or land use rights	60,030	395,583	33,218	226,817
Accruals	80,820	532,578	33,586	229,330
Housing maintenance fees	1,684	11,096	1,302	8,887
Current account with subsidiary's minority	37,290	245,728	13,379	91,354
Professional and training fees	2,706	17,833	4,084	49,414
Insurances	1,517	10,000	1,490	10,174
Royalties	635	4,187	3,844	26,247
Others	46,067	303,567	43,996	278,902
Total	362,438	2,388,367	216,294	1,476,903

31. OTHER PAYABLES (CONTINUED)

(1) The analysis of the Group's other payables is as follows (continued):

The analysis of the Group's other payables by currencies is as follows:

	2010				2009			
Currency	Original currency '000	Exchange rate	USD '000	RMB '000	Original currency '000	Exchange rate	USD '000	RMB '000
RMB	721,950	6.5897	109,556	721,950	905,639	6.8282	132,634	905,639
USD	170,943	1.0000	170,943	1,126,461	62,458	1.0000	62,458	426,476
HKD	254,149	7.7734	32,695	215,448	8,357	7.7546	1,078	7,359
JPY	264,082	81.37	3,245	21,387	460	90.28	5	35
EUR	27,106	0.7490	36,189	238,476	12,031	0.6940	17,336	118,375
AUD	9,582	0.9828	9,749	64,245	2,940	1.1116	2,645	18,062
Others			61	400			138	957
Total			362,438	2,388,367			216,294	1,476,903

(2) Other payables due to shareholders or related parties who hold 5% or more of the voting rights of the Company:

USD'000

Organization name	Relationship with the Group	2010	2009
1. Gasfin Investment S.A.("Gasfin")	Minority shareholder of subsidiary	3,157	3,177
2. Bright Touch Investment Limited ("Bright Touch")	Minority shareholder of subsidiary	9,140	-
3. Leung Kee Holdings Limited ("Leung Kee")	Minority shareholder of subsidiary	15,922	-
4. Yantai Shipyard Pte. Ltd. ("Yantai Shipyard")	Minority shareholder of subsidiary	7,056	-
Total		35,275	3,177

31. OTHER PAYABLES (CONTINUED)

(2) Other payables due to shareholders or related parties who hold 5% or more of the voting rights of the Company (continued):

RMB'000

Organization name	Relationship with the Group	2010	2009
1. Gasfin	Minority shareholder of subsidiary	20,806	21,692
2. Bright Touch	Minority shareholder of subsidiary	60,231	-
3. Leung Kee	Minority shareholder of subsidiary	104,919	-
4. Yantai Shipyard	Minority shareholder of subsidiary	46,497	-
Total		232,453	21,692

(3) Significant other payables aged over one year:

As at 31 December 2010, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) As at 31 December 2010, there was no significant other payables.

32. PROVISIONS

	Note	Balance at the beginning of the year USD'000	Charges for the year USD'000	Payment during the year USD'000	Reversal during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Current							
Warranties for product quality	(1)	71,945	50,557	(714)	(44,420)	6,907	84,275
Guarantees for third parties(2)		1,484	1,214	(225)	(587)	7	1,893
Others		2,258	15,985	(1,470)	(4,414)	47	12,406
Subtotal		75,687	67,756	(2,409)	(49,421)	6,961	98,574
Not-current	(3)	6,060	-	-	(6,048)	(12)	-
Total		81,747	67,756	(2,409)	(55,469)	6,949	98,574

	Note	Balance at the beginning of the year RMB'000	Charges for the year RMB'000	Payment during the year RMB'000	Reversal during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Current							
Warranties for product quality	(1)	491,246	341,085	(4,817)	(299,680)	27,507	555,341
Guarantees for third parties	(2)	10,133	8,190	(1,514)	(3,963)	(368)	12,478
Others		15,422	107,843	(9,919)	(29,778)	(1,814)	81,754
Subtotal		516,801	457,118	(16,250)	(333,421)	25,325	649,573
Non-current	(3)	41,381	-	-	(40,805)	(576)	-
Total		558,182	457,118	(16,250)	(374,226)	24,749	649,573

(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.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary - Shenzhen CIMC Tianda Airport Equipment.

(3) As the performance target of TGE SA deemed in the share transfer agreement failed to met, the Group wrote back the provision recognised in 2008 for contingent payment at acquisition date and transferred it into non-operating income.

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

(1) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Long-term loans				
Due within one year				
- Credit loans	414,185	2,729,353	64,130	437,888
- Guarantee loans	2,668	17,584	2,575	17,584
Subtotal	416,853	2,746,937	66,705	455,472
Long-term payables due within year	14,809	97,584	-	-
Total	431,662	2,844,521	66,705	455,472

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

(a) The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2010			2009		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	4.01% - 4.73%	2,000,000	6.5897	303,504	42,022	6.8282	6,154
- USD	LIBOR+90BP	100,000	1.0000	100,000	40,000	1.0000	40,000
- HKD	HKIBOR+17BP	20,743	7.7734	2,668	70,000	7.7546	9,024
- EUR	EURIBOR+65BP	8,000	0.7490	10,681	8,000	0.6940	11,527
				416,853			66,705

As at 31 December 2010, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows: (continued)

(b) As at 31 December 2010, the top five long-term loans due within one year are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate (%)	2010 Original currency	2010 USD	2009 Original currency	2009 USD
					'000	'000	'000	'000
1. The Export-Import Bank of China	23/06/2008	23/06/2011	RMB	4.73%	1,400,000	212,453	42,000	6,151
2. China Development Bank	12/12/2007	21/12/2011	USD	LIBOR +90BP	100,000	100,000	40,000	40,000
3. The Export-Import Bank of China	23/05/2008	23/05/2011	RMB	4.01%	600,000	91,051	-	-
4. The Export-Import Bank of China	18/06/2007	18/12/2011	EUR	EURIBOR +65BP	8,000	10,681	8,000	11,527
5. Bank of China (Hong Kong) Co., Ltd.	02/03/2009	02/03/2011	HKD	HKIBOR+17BP	20,743	2,668	20,000	2,575
Total	——	——	——			416,853		60,253

(3) Long-term payables due within one year

As at 31 December 2010, Long-term payables due within one year included net financial leasing payable of USD 14,809,000 (RMB 97,584,000), which is total amount of USD 16,313,000 (RMB 107,499,000) minus unrecognised financing expresses of USD 1,504,000 (RMB 9,915,000).

The Group had no financial leasing guaranteed by independent third parties.

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(3) Long-term payables due within one year (continued)

As at 31 December 2010, the top three of long-term payable due within one year (including all long-term payable due within one year) were as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest Rate (%)	Ending Balance	
					Original Currency ’000	Equivalent USD ’000
1. China Merchant Finance leasing Ltd.	21/01/2009	19/09/2013	RMB	4.97%	96,726	14,679
2. CIT Finance & Leasing Corporation	01/01/2009	01/07/2011	RMB	5.40%	784	119
3.Yantai Port Group	18/08/2009	18/08/2012	RMB	5.80%	74	11
Total					97,584	14,809

34. LONG-TERM LOANS

(1) The analysis of the Group's long-term loans is as follows:

Item	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Bank loans					
- Credit loans		384,654	2,534,754	815,588	5,568,996
- Guarantee loans		117,183	772,202	5,794	39,564
- Secured loans	(a)	69,828	460,146	-	-
- Pledge loans	(b)	22,011	145,046		
Total		593,676	3,912,148	821,382	5,608,560

Long-term loans in original currencies are as follows:

	Annual interest rate	2010			2009		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	3.51%~5.85%	1,438,770	6.5897	218,336	1,460,000	6.8282	213,819
- USD	LIBOR+30~185BP	370,000	1.0000	370,000	520,000	1.0000	520,000
- HKD	HKIBOR+17~33BP	-	7.7704	-	545,000	7.7546	70,272
- EUR	EURIBOR+65BP	4,000	0.7490	5,340	12,000	0.6940	17,291
				593,676			821,382

(a) As at Dec 31, 2010, Rattles, the subsidiary of the Group borrowed USD 69,828,000 secured with its marine space using right.

(b) As at Dec 31, 2010, the subsidiaries of Raffles borrowed USD22,011,000 guaranteed by Raffles and pledged by Raffles' equity interest in the subsidiaries

(c) No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

34. LONG-TERM LOANS (CONTINUED)

(2) The analysis of the Group's long-term loans is as follows: (continued)

(a) As at 31 December 2010, the top five long-term loans are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate (%)	2010		2009	
					Original currency	USD	Original currency	USD
					’000	’000	’000	’000
1.China Development Bank	12/12/2007	10/12/2013	USD	Six-month LIBOR+90BP	270,000	270,000	370,000	370,000
2. Bank of Communications	21/07/2009	12/07/2012	RMB	5.85%	500,000	75,900	-	-
3. Bank of China	26/05/2010	21/05/2012	USD	Three-month LIBOR+55BP	50,000	50,000	50,000	50,000
4. Algemene Bank Nederland	26/05/2010	21/05/2013	USD	Six-month LIBOR+185BP	50,000	50,000	100,000	100,000
5. The Export-Impart Bank of China	18/08/2010	15/03/2012	RMB	3.51%	200,000	30,360	-	-
Total	——	——	——	——		476,260	-	520,000

As at 31 December 2010, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

35. SPECIAL PAYABLES

Item	Balance at the beginning of the year USD'000	Additions during the year USD'000	Settlements during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Project funds	1,997	1,215	(737)	20	2,495

Item	Balance at the beginning of the year RMB'000	Additions during the year RMB'000	Settlements during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Project funds	13,639	8,199	(4,974)	(422)	16,442

36. Long-term payable

USD'000

Item	Note	2010	2009
		USD'000	USD'000
Financial Leasing payable	(1)	18,037	-
Total		18,037	-

D. RMB'000

Item	Note	2010	2009
		RMB'000	RMB'000
Financial Leasing payable	(1)	118,858	-
Total		118,858	-

(1) The breakdown of financial leasing payable:

'000

Organization Name	2010		2009	
	USD	RMB	USD	RMB
China Merchant Bank Financial Leasing Co., Ltd.	18,037	118,858	-	-

As at 31 December 2010, the unrecognised financing expense of the Group amounted to USD 918,000, equivalent to RMB 6,049,000. (2009: nil)

The Group had no financial leasing guaranteed by third party in the year.

The Group had no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties.

37. OTHER NON-CURRENT LIABILITIES

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Deferred income	27,013	178,008	19,053	130,099

38. SHARE CAPITAL

The Company's share capital status at 31 December is as follows:

	Balance at the Beginning of the year		Additions during the year		Change of shares subject to selling restriction		Balance at the end of the year	
	Original currency RMB'000	USD '000	Original currency RMB'000	USD '000	Original currency RMB'000	USD '000	Original currency RMB'000	USD '000
Shares subject to selling restriction								
- Shares held by overseas legal persons	-	-	-	-	-	-	-	-
- Share held by domestic natural persons	620	77	-	-	-	-	620	77
Shares not subject to selling restriction								
- RMB denominated Ordinary shares	1,231,297	152,095	-	-	-	-	1,231,297	152,095
- Domestically listed foreign shares	1,430,479	176,700	-	-	-	-	1,430,479	176,700
	2,662,396	328,872	-	-	-	-	2,662,396	328,872

The face value of the aforesaid shares was RMB 1.00 per share.

39. CAPITAL RESERVE

	Balance at the beginning of the year USD'000	Additions during the year USD'000	Settlements during the year USD'000	Balance at the end of the year USD'000
Share premiums	21,245	-	-	21,245
Other capital reserves				
- Property revaluation reserve	6,640	-	-	6,640
- Exchange reserve on foreign currency capital	105	-	-	105
- Donated non-cash assets reserve	39	-	-	39
- Net changes in fair value of available-for-sale financial assets	151,904	563	(46,396)	106,071
- Effective portion of changes in fair value of cash flow hedges	3,164	-	(1,111)	2,053
- Deferred tax effect	(32,792)	7,043	-	(25,749)
- Equity settled share-based payment	3,182	8,829	-	12,011
- Capital reserves due to minority shareholders' contribution	11,992	-	-	11,992
- Capital reserves due to acquiring minority shareholders' equity	37,311	189	-	37,500
- Others	13,599	10	-	13,609
	216,389	16,634	(47,507)	185,516

39. CAPITAL RESERVE (CONTINUED)

	Balance at the beginning of the year RMB'000	Additions during the year RMB'000	Settlements during the year RMB'000	Balance at the end of the year RMB'000
Share premiums	201,222	-	-	201,222
Other capital reserves				
- Property revaluation reserve	54,979	-	-	54,979
- Exchange reserve on foreign currency capital	866	-	-	866
- Donated non-cash assets reserve	324	-	-	324
- Net changes in fair value of available-for-sale financial assets	1,036,681	3,796	(313,011)	727,466
- Effective portion of changes in fair value of cash flow hedges	21,565	-	(7,495)	14,070
- Deferred tax effect	(223,788)	47,516	-	(176,272)
- Equity settled share-based payment	22,867	59,565	-	82,432
- Capital reserves due to minority shareholders' contribution	88,251	-	-	88,251
- Capital reserves due to acquiring minority shareholders' equity	254,804	1,274	-	256,078
- Others	99,932	72	-	100,004
	1,557,703	112,223	(320,506)	1,349,420

40. Surplus reserve

USD'000

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
Statutory surplus reserve	162,520	-	-	162,520
Discretionary surplus reserve	271,650	-	-	271,650
Total	434,170	-	-	434,170

RMB'000

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
Statutory surplus reserve	1,331,198	-	-	1,331,198
Discretionary surplus reserve	2,246,390	-	-	2,246,390
Total	3,577,588	-	-	3,577,588

41. RETAINED EARNINGS

Item	Note	USD'000	RMB'000	Appropriation proportion
Retained earnings brought forward		1,047,547	8,229,532	—
Add: profit attributable to shareholders of the Company		444,949	3,001,851	—
Less: Dividends of ordinary shares	(1)	(46,707)	(319,488)	—
Decrease in retained earnings resulted from acquiring minority interest	(2)	(32,989)	(222,560)	
Retained earnings carry forward	(3)	1,412,800	10,689,335	—

(1) Dividends of ordinary shares

(a) Dividends of ordinary shares declared during the year

Pursuant to the shareholders' approval at the shareholders' Meeting on 26 April 2010, a cash dividend of RMB 0.12 per share (2009: RMB 0.15 per share) totaling RMB 319,487,526.17, equivalent to USD 46,707,392.20 (2009: RMB 399,359,407.65, equivalent to USD 58,485,063.51), was declared and paid to the Company's ordinary shareholders on 25 June 2010.

41. RETAINED EARNINGS (CONTINUED)

(2) Decrease from acquisition of minority interests

CIMCSD, a wholly – owned subsidiary of the Company, entered in to a restructuring framework agreement and equity transfer agreement on 7 May 2010 and 1 November 2010 respectively with Shenzhen Eastern Skyspace Investment Development Co., Ltd(Eastern Tianyu) , the minority equity holder of the Company's subsidiary CIMC Tianyu. Pursuant to the agreements, CIMCSD acquired 33.55% equity interest of CIMC Tianyu from Eastern Tianyu at a cash consideration of RMB 256,363,000 (USD 38,000,000) and made a capital injection of RMB 400,000,000 (USD 59,290,000) in CIMC Tianyu. After the transaction, the share of equity in interest in CIMC Tianyu held by CIMCSD increased from 50% to 90%. Because share premium was insufficient to be reversed, retained earnings amounting to RMB 222,560,000 (USD 32,898,000) of CIMCSD were reversed based on the excess of acquisition cost for the additional equity interest over CIMCSD's share of the carrying value of CIMC Tianyu's net assets amount for the additionally acquired equity interest.

(3) Retained earnings at the end of the year

As at 31 December 2010, the retained earnings attributable to the Company included an appropriation of USD 86,428,000 to surplus reserve made by the subsidiaries (2009: USD79,517,000).

42 OPERATING INCOME AND OPERATING COST

(1)

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Operating income	7,509,587	50,663,426	2,901,618	19,819,498
Other operating income	163,772	1,104,890	96,041	656,009
Operating cost	6,462,286	43,597,815	2,547,655	17,401,760

There was no individual construction contract whose revenue amounted for more than 10% of the total operating income in 2009.

(2) Operating income and operating cost (by industries and by products)

USD'000

Industry	2010		2009	
	Operating income	Operating cost	Operating income	Operating cost
Containers	3,698,165	2,995,689	743,917	645,490
Trailers	2,409,470	2,078,033	1,566,276	1,367,165
Tank equipments	753,160	626,365	497,774	412,666
Offshore Engineering	354,423	477,125	-	-
Air ground facilities	45,517	33,982	57,361	35,875
Others	248,852	172,229	36,290	23,925
Total	7,509,587	6,383,423	2,901,618	2,485,121

RMB'000

Industry	2010		2009	
	Operating income	Operating cost	Operating income	Operating cost
Containers	24,949,668	20,210,417	5,081,327	4,409,017
Trailers	16,255,487	14,019,450	10,698,442	9,338,426
Tank equipments	5,081,191	4,225,770	3,400,048	2,818,714
Offshore Engineering	2,391,112	3,218,922	-	-
Air ground facilities	307,079	229,260	391,805	321,146
Others	1,678,889	1,161,946	247,876	87,318
Total	50,663,426	43,065,765	19,819,498	16,974,621

42. OPERATING INCOME AND OPERATING COST (CONTINUED)

(3) Operating income and operating cost (by regions)

USD'000

Regions	2010		2009	
	Operating income	Operating cost	Operating income	Operating cost
P.R China	7,043,822	5,967,791	2,560,863	2,155,103
America	141,722	135,975	95,129	91,066
Europe	247,640	214,161	182,678	186,378
Asia	15,759	13,746	6,323	5,483
Others	60,644	51,750	56,625	47,091
Total	7,509,587	6,383,423	2,901,618	2,485,121

RMB'000

Regions	2010		2009	
	Operating income	Operating cost	Operating income	Operating cost
P.R China	47,521,140	40,261,708	17,491,965	14,720,439
America	956,129	917,356	649,778	622,023
Europe	1,670,704	1,444,836	1,247,785	1,273,053
Asia	106,315	92,736	43,191	37,450
Others	409,138	349,129	386,779	321,656
Total	50,663,426	43,065,765	19,819,498	16,974,621

The regional operating income and operating cost is determined on the location at which the services were provided or the goods were delivered.

(4) Operating income of top five customers in 2010 is as follows:

Customer	Operating income		Percentage of total operating income (%)
	USD'000	RMB'000	
1. TAL International Container Corporation	679,872	4,586,757	8.86%
2. Triton Container International Ltd.	589,486	3,976,967	7.68%
3. Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG	245,101	1,653,576	3.19%
4. GE SeaCO Asia Pte Ltd.	207,229	1,398,072	2.70%
5. Mediterranean Shipping Co. S.A.	186,195	1,256,157	2.43%
Total	1,907,883	12,871,529	24.86%

The Group's operating income of top five customers in 2009 totaled USD321,085,000, equivalent to RMB2,193,170,000, accounting for 10.72% of total operating income.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. BUSINESS TAXES AND SURCHARGES

	Taxation basis and rate	2010 USD'000	2010 RMB'000	2009 USD'000	2009 RMB'000
Business tax	3% - 5% of operating income	6,514	43,947	4,192	28,634
Urban maintenance and construction tax			5%-7% of VAT and business tax paid		3,487
	23,527	986	6,734		
Education fee and surcharges	3% of VAT and business tax paid	763	5,150	383	2,614
Land appreciation tax	Appreciation amount in transferring property and applicable tax rate	76	511	1,627	11,114
Others		557	3,757	375	2,562
		11,397	76,892	7,563	51,658

44. SELLING AND DISTRIBUTION EXPENSES

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Transportation and distribution charges	92,357	623,084	35,709	243,913
External sales commission	9,534	64,320	10,896	74,422
Employ Benefit	26,824	180,967	23,889	163,173
Warranty	6,137	41,405	2,731	18,656
Others	50,465	340,467	33,311	227,529
Total	185,317	1,250,243	106,536	727,693

45. GENERAL AND ADMINISTRATIVE EXPENSES

Category	2010 Amount USD'000	2010 RMB equivalent RMB'000	2009 Amount USD'000	2009 RMB equivalent RMB'000
Low- value consumables and materials consumed	8,934	60,271	4,884	33,362
Rental	6,435	43,411	4,677	31,947
Depreciation	21,892	147,697	15,190	103,756
Employ Benefit	132,130	891,417	77,115	526,732
Taxes and surcharges	17,491	118,005	13,180	90,023
Agency fee	23,502	158,554	21,818	149,028
Technology development costs	33,573	226,503	21,764	148,662
Amortisation	36,909	249,010	30,613	209,105
Performance Bonus and president bonus	42,862	289,171	13,034	89,026
Office expenditure, entertainment fee and others	81,573	550,325	87,028	594,433
Total	405,301	2,734,364	289,303	1,976,074

46. FINANCIAL EXPENSES

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Interest expenses from loans and payables	70,008	472,312	27,862	190,308
Less: Borrowing costs capitalised	1,885	12,717	1,563	10,668
Interest income from deposits and receivables	(10,240)	(69,085)	(12,814)	(87,528)
Net exchange losses / (gains)	33,481	225,878	2,945	20,114
Other financial expenses	7,915	53,395	2,754	18,811
Total	99,279	669,783	19,184	131,037

47. GAINS / LOSSES FROM CHANGES IN FAIR VALUE

	2010		2009	
Sources of gain/loss from changes in fair value	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
- Changes in fair value during the year				
1.Gains from changes in fair value of held for trading investments	25,438	171,617	4,073	27,843
2.Gains / losses from changes in fair value of derivative financial instrument	13,938	94,032	(46,828)	(319,566)
Subtotal	39,376	265,649	(42,755)	(291,723
- Income for derecognised financial assets held for trading	(2,007)	(13,540)	(201)	(1,373)
Financial liabilities held for trading				
- Changes in fair value during the year				
1.(Losses)/gains from changes in fair value of derivative financial instrument	(2,548)	(17,191)	37,292	254,407
Total	34,821	234,918	(5,664)	(38,689)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. INVESTMENT INCOME

(1) The analysis of the Group's investment income is as follows:

	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	1,105	7,458	1,161	7,933
Long-term equity investments in equity method	(3)	15,258	102,938	15,217	103,938
Loss on disposal of long-term equity investments	IV.6 (1)	(21,375)	(144,206)	(423)	(2,891)
Investment gains of held-for-trading financial assets		338	2,280	-	-
Investment gains of available-for-sale financial assets		2,735	18,452	202	1,381
Gains / (losses) on sale of held-for-trading financial assets		2,007	13,540	201	1,373
Gains on sale of available-for-sale financial assets		6,024	40,641	213,363	1,457,378
Others		(364)	2,462	(169)	(1,157)
Total		5,728	38,641	229,552	1,567,955

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
BOCM Schroder Stolt Fund Management	1,105	7,458	732	5,000	More cash dividend was distributed during the year
Shanghai Haifu International Container Transport	-	-	400	2,733	No cash dividend distribution during the year
Stolt-Nielsen Limited	-	-	29	200	No cash dividend distribution during the year
Total	1,105	7,458	1,161	7,933	—

48. INVESTMENT INCOME (CONTINUED)

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
TJCIMCZL	12,999	87,698	4,269	29,159	Changes in profit and loss of the investee
Shanghai Fengyang	2,966	20,010	5,432	37,103	Changes in profit and loss of the investee
KYH	1,289	8,696	984	6,721	Changes in profit and loss of the investee
TSC	526	3,549	-	-	Changes in profit and loss of the investee
MST	452	3,049	-	-	Changes in profit and loss of the investee
Total	18,232	123,002	10,685	72,983	—

Note1: Only top five investees with largest profits before income tax are listed above.

Note2: There was no significant restriction on the remittance of investment income to the investor.

49. IMPAIRMENT LOSSES

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Receivables	29,541	199,297	17,944	122,558
Inventories	8,539	57,610	13,030	89,005
Fixed assets	2,624	17,703	27,013	184,518
Total	40,704	274,610	57,987	396,081

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. NON-OPERATING INCOME

(1) The analysis of the Group's non-operating income is as follows:

Item		2010		2009		Amount included in non-operating income / losses for the year	
		USD'000	RMB'000	USD'000	RMB'000	'000	
Gains on disposal of fixed assets		215	1,452	351	2,398	215	
Gains on disposal of intangible assets		195	1,315	-	-	195	
Compensation income		3,647	24,607	297	2,029	3,647	
Penalty income		1,231	8,307	316	2,159	1,231	
Gains on fixed assets surplus		19	128	3	22	19	
Government grants	(2)	13,886	93,685	20,874	142,583	13,886	
Recovery due to accrual of contingent consideration on enterprise combination			6,048	40,805	578	3,949	6,048
Gain on enterprise combination		12,475	84,166	-	-	12,475	
Others		5,568	37,554	2,844	19,421	5,568	
Total		43,284	292,019	25,263	172,561	43,284	

(2) Government grants

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Financial subsidies	13,691	92,370	20,018	136,739
Tax refund	195	1,315	856	5,844
Total	13,886	93,685	20,874	142,583

51. NON-OPERATING EXPENSES

Item	2010		2009		Amount included in non-operating income / losses for the year
	USD'000	RMB'000	USD'000	RMB'000	'000
Losses on disposal of fixed assets	3,456	23,318	994	6,790	3,456
Donation expenses	408	2,751	190	1,296	408
Penalty expenses	322	2,173	434	2,962	322
Compensation expenses	737	4,974	433	2,961	737
Others	3,315	22,364	1,996	13,637	3,315
Total	8,238	55,580	4,047	27,646	8,238

52. INCOME TAX

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	126,510	853,500	74,078	505,993
Deferred taxation	(4,410)	(29,752)	(17,761)	(121,319)
Total	122,100	823,748	56,317	384,674

(2) Reconciliation between income tax expenses and accounting profits is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	544,670	3,674,607	214,535	1,465,385
Expected income tax expenses at applicable tax rates	131,098	884,453	35,155	240,106
Effect of tax incentive	(22,264)	(150,204)	(18,672)	(127,539)
Tax effect of non-deductible expenses	4,296	28,983	7,091	48,438
Tax effect of non-taxable income	(11,212)	(75,642)	(7,534)	(51,462)
Tax effect of utilisation of tax losses not recognised in prior years	(36,652)	(247,273)	(2,501)	(17,081)
Tax effect of unrecognised tax losses	24,762	167,057	42,675	291,495
Deductible temporary differences of unrecognised deferred tax assets	17,927	120,945	2,403	16,404
Effect of tax rate change on deferred tax	2,553	17,224	(2,872)	(19,615)
Tax refund for income tax annual filing	(2,663)	(17,966)	(1,675)	(11,439)
Domestic purchased equipment tax refund	(1,189)	(8,022)	(2,570)	(17,554)
Income tax accruals for profit of foreign holding companies in current year	15,444	104,193	4,817	32,921
Income tax expenses	122,100	823,748	56,317	384,674

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. CALCULATION OF EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the weighted average ordinary shares in issue:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Consolidated profit attributable to ordinary equity shareholders of the Company	444,949	3,001,851	140,394	958,967
Weighted average of ordinary shares in issue ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Basic earnings per share	0.17	1.13	0.05	0.36

Calculation of weighted average number of ordinary shares	2010	2009
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December ('000)	2,662,396	2,662,396

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the adjusted weighted average of ordinary shares in issue:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	444,949	3,001,851	140,394	958,967
Weighted average of ordinary shares in issue (diluted) ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Diluted earnings per share	0.17	1.13	0.05	0.36

Calculation of weighted average number of ordinary shares (diluted)	2010	2009
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December (diluted) ('000)	2,662,396	2,662,396

The board of directors the Company was authorised to grant 5,400,000 share (2.03% of the total issued share 2,662,396,051 of the Company) to the senior management and other staff. According to the share options plan, there is no exercisable share options during the year. Please refer to VII for the details of share options.

54. OTHER COMPREHENSIVE INCOME

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. Gain/(losses) on available-for-sale financial assts	(38,216)	(257,827)	218,192	1,490,362
Less: Effect of income tax arising from available-for-sale financial assets	(6,915)	(46,652)	981	6,700
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	7,617	51,388	213,363	1,457,378
Subtotal	(38,918)	(262,563)	3,848	26,284
2. Gain on cash flow hedges financial instrument	968	6,531	800	5,465
Less: Effect of income tax arising from cash flow hedges financial instrument	(128)	(864)	(114)	(781)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	2,079	14,026	5,702	38,944
Subtotal	(983)	(6,631)	(4,788)	(32,698)
3. Effect of foreign exchange rate changes	55,550	(267,232)	13,868	102,615
4. Others	10	72	1,298	8,850
Total	15,659	(536,354)	14,226	105,051

55. NOTES TO CASH FLOW STATEMENT

(1) Other cash received from operating activities

Item	Amount	
	USD'000	RMB'000
Cash received from government grants related to assets	7,960	53,702
Cash received from government grants related to income	13,691	92,370
Cash received from penalty	1,231	8,307
Cash received from quality compensation	1,073	7,239
Others	5,650	38,112
Total	29,605	199,730

55. NOTES TO CASH FLOW STATEMENT (CONTINUED)

(2) Other cash paid for operating activities

Item	Amount	
	USD'000	RMB'000
Cash paid for financial leasing business	108,716	733,452
Cash paid for loans to joint ventures	19,803	130,500
Cash paid for transportation expenses	92,357	623,084
Cash paid for rental, insurance and other selling expenses	49,431	333,486
Cash paid for technical development fee	33,573	226,503
Cash paid for warranty	2,409	16,250
Cash paid for commission of external sales	9,534	64,320
Cash paid for entertainment	11,772	79,420
Cash paid for travelling, office expenses and other expenses in ordinary operation	49,158	334,745
Total	376,753	2,541,760

(3) Other cash paid for investing activities

Item	Amount	
	USD'000	RMB'000
Interest income received from deposits and receivables	9,522	64,240

(4) Other cash paid for financing activities

Item	Amount	
	USD'000	RMB'000
Cash received from borrowings from minority shareholders	32,118	216,684

56. INFORMATION TO CASH FLOW STATEMENT

(1) Supplement to cash flow statement:

1 Reconciliation of net profit to cash flow from operating activities:

Supplement	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Net profit	422,570	2,850,859	158,218	1,080,711
Add: Impairment for assets	40,704	274,610	57,987	396,081
Depreciation of fixed assets	170,439	1,149,802	92,264	630,204
Amortisation of intangible assets	31,054	209,506	28,410	194,051
Amortisation of long-term deferred expenses	3,738	25,218	3,180	21,718
Losses on disposal of fixed assets, intangible assets, and other long-term assets	3,046	20,551	643	4,392
Reverse of gains from accrued contingent consideration of enterprise combination	(6,048)	(40,805)	-	-
Gains from enterprise combination	(12,475)	(84,166)	-	-
Losses on changes in fair value	(34,821)	(234,918)	5,664	38,689
Financial expenses	57,883	390,510	13,485	92,112
Investment income	(5,728)	(38,641)	(229,552)	(1,567,955)
Share-based payment expenses	10,458	70,556	-	-
Increase in deferred tax assets	(28,384)	(191,493)	(1,700)	(11,183)
Increase/(decrease) in deferred tax liabilities	25,286	170,592	(9,692)	(66,468)
(Increase) / decrease in gross inventories	(777,510)	(5,245,471)	164,454	1,123,303
(Increase) / decrease in operating receivables	(580,614)	(3,917,112)	(266,489)	(1,820,253)
Increase in operating payables	872,042	5,883,231	125,092	854,441
Effect of foreign exchange rate changes	28,163	190,072	-	(158)
Net cash inflow from operating activities	219,803	1,482,901	141,964	969,685

2Significant investment or finance activities not related to cash is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Assets acquired under finance leases	32,846	216,442	-	-

55. INFORMATION TO CASH FLOW STATEMENT (CONTINUED)

(1) Supplement to cash flow statement (continued):

3 Cash and cash equivalents held by the Group is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Cash at bank and on hand at the end of the year:	576,265	3,797,415	643,878	4,396,525
Less: Cash at bank and on hand at the beginning of the year	643,878	4,396,525	413,542	2,822,175
Net (decrease) / increase of cash at bank and on hands	(67,613)	(599,110)	230,336	1,574,350

(2) Information on acquisition of subsidiaries and other business units during the year

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. Consideration for acquiring subsidiaries and other business units	165,623	1,110,516	8,121	55,472
2 Cash and cash equivalents paid for acquiring subsidiaries and other business units	165,623	1,110,516	8,121	55,472
Less: Cash and cash equivalents held by subsidiaries and other business units	114,680	773,685	165	1,124
Less: Cash and cash equivalents already paid	-	-	2,500	17,070
3. Net cash paid for the acquisition	50,943	336,831	5,456	37,278
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units				
Current assets	854,449	5,763,900	11,197	76,499
Non-current assets	531,610	3,573,722	3,612	24,674
Current liabilities	(783,477)	(5,278,977)	(9,558)	(65,301)
Non-current liabilities	(236,085)	(1,592,747)	-	-
Minority interest	(14,106)	(95,164)	(246)	(1,682)

(3) Cash and cash equivalents held by the Group is as follows

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Cash at bank and on hand				
Including: Cash at bank	439	2,893	628	4,287
Bank deposits available on demand	567,783	3,741,518	641,930	4,383,223
Other monetary funds available on demand	8,043	53,004	1,320	9,015
Closing balance of cash and cash equivalents	576,265	3,797,415	643,878	4,396,525

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to Note IV.1.

3. For the information about the associates and joint ventures of the Group, refer to Note V.12(3).

4. OTHER RELATED PARTIES RELATIONSHIPS

Organisation name	Relationship with the Group	Organisation code
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
CIMC Tianyu	Minority shareholder of subsidiary	71526714-7
Gasfin	Minority shareholder of subsidiary	N/A
Wuhu Ruijiang Automobile Co., Ltd	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A
COSCO Countainer	Significant shareholder	N/A
China Merdant International Ltd.	Significant shareholder	N/A
Bright Touch	Minority shareholder of subsidiary	N/A
Leung Kee	Minority shareholder of subsidiary	N/A
Yantai Shipyard	Minority shareholder of subsidiary	N/A
C & C Trucks	Associates of the Group	68685184-5

Note： Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES

The follow transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

USD'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals (%)	2009 Amount	2009 Percentage on similar deals (%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	860	0.03%	50	0.01%
Key management staff	Remuneration			3,077	-	406	-

RMB'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals (%)	2009 Amount	2009 Percentage on similar deals (%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	5,802	0.03%	344	0.01%
Key management staff	Remuneration			20,758	-	2,774	-

The Company

USD'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals (%)	2009 Amount	2009 Percentage on similar deals (%)
Key management staff	Remuneration			3,077	-	406	-

RMB'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals (%)	2009 Amount	2009 Percentage on similar deals (%)
Key management staff	Remuneration			20,758	-	2,774	-

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(2) Sales of goods and provision of services

The Group

USD'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010		2009	
				Amount	Percentage on similar deals (%)	Amount	Percentage on similar deals (%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	228,621	6.18%	20,419	2.74%
Other related party	Provision of services	Processing services		-	-	1,037	0.90%

RMB'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010		2009	
				Amount	Percentage on similar deals (%)	Amount	Percentage on similar deals (%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	1,542,395	6.18%	139,473	2.74%
Other related party	Provision of services	Processing services		-	-	7,082	0.90%

(3) Funding

The Group

USD'000

Related party	Funding amount	Initial date	Maturity date	Note
Borrowings				
Gasfin	3,157	19 September 2008	Not fixed repayment date	Shareholder loans
Bright Touch	9,140	5 July 2010	Not fixed repayment date	Shareholder loans
Leung Kee	15,922	5 July 2010	Not fixed repayment date	Shareholder loans
Yantai shipyard	7,056	5 July 2010	Not fixed repayment date	Shareholder loans
Lending				
Shanghai Fengyang	24,130	25 December 2007	Not fixed repayment date	Shareholder loans
XYW	627	20 June 2006	Not fixed repayment date	Shareholder loans
PGM	20,027	14 August 2009	Not fixed repayment date	Advance payment for capital injection to subsidiary
C & C Trucks	26,632	14 April 2010	N/A	USD 6,829,000 was capital injection from the Group to the C&C Truck. As at December 31,2010, it was recognized as other receivable for the capital injection was in the process, other USD 19,803,000 were shareholder loans.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(3) Funding (continued)

The Group (continued)

RMB'000

Related party	Funding amount	Initial date	Maturity date	Note
Borrowings				
Gasfin	20,806	19 September 2008	Not fixed repayment date	Shareholder loans
Bright Touch	60,231	5 July 2010	Not fixed repayment date	Shareholder loans
Leung Kee	104,919	5 July 2010	Not fixed repayment date	Shareholder loans
Yantai shipyard	46,497	5 July 2010	Not fixed repayment date	Shareholder loans
Lending				
Shanghai Fengyang	159,007	25 December 2007	Not fixed repayment date	Shareholder loans
XYW	4,133	20 June 2006	Not fixed repayment date	Shareholder loans
PGM	131,970	14 August 2009	Not fixed repayment date	Advance payment for capital injection to subsidiary
C & C Trucks	175,500	14 April 2010	N/A	RMB 45,000,000 was capital injection from the Group to the C&C Truck. As at 31 December, 2010, it was recognized as other receivable for the capital injection was in the process, other USD 130,500,000 were shareholder loans.

The Company

USD'000

Related party	Funding amount	Initial date	Maturity date	Note
Lending				
Shanghai Fengyang	24,130	25 December 2007	Not fixed repayment date	Shareholder loans

RMB'000

Related party	Funding amount	Initial date	Maturity date	Note
Lending				
Shanghai Fengyang	159,007	25 December 2007	Not fixed repayment date	Shareholder loans

5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(4) Other related party transactions

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd., entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of USD 48,363,000 (RMB 353,250,000). As at 31 December 2010, USD 10,721,000 (RMB 70,650,000) of the total price had not been paid.

(ii) The Company adopted a new share options scheme since 28 September 2010 (see note VII). Details of share options granted to key management personnel are as follows:

Name	Position	Number of granted share options (in'000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Li Ruiting	Vice Chairman	1,300
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Jin Jianliong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		14,100

Detailed information for fair value of the granted share options aforesaid see note VII

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. THE BALANCES WITH RELATED PARTIES AS AT 31 DECEMBER ARE SET OUT AS FOLLOWS:

Receivables:

Caption	Note	The Group 2010 USD'000	2010 RMB'000	2009 USD'000	2009 RMB'000
Accounts receivable	V.4	13,511	89,035	1,007	6,878
Other receivables	V.5	84,579	557,348	54,838	374,442
Long-term receivables		-	-	5,310	36,254

Payables:

Caption	Note	The Group 2010 USD'000	2010 RMB'000	2009 USD'000	2009 RMB'000
Accounts payable		192	1,263	23	160
Other payables	V.31	35,275	232,453	3,177	21,692

VII. SHARE-BASED PAYMENTS

1. INFORMTION ABOUT SHARE-BASED PAYMENTS

	USD'000	RMB'000
Total equity instruments granted during the year	50,350	339,693
Total equity instruments exercised during the year	-	-
Total equity instruments forfeited during the year	-	-
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1. Share options granted by Enric in 2009: HKD4 per share, the residual life of contract is 8.83 years; 2. Share options granted by Raffles in 2007 and 2008: from USD 1.64 to USD 4.39 per share, the residual life of contract is 6.72 years. 3. Share options granted by the Company in 2010: RMB12.39 per share, the residual life of contract is 9.74 years	
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil	

VII. SHARE-BASED PAYMENTS (CONTINUED)

1. INFORMTION ABOUT SHARE-BASED PAYMENTS (CONTINUED)

Expenses recognised for the year arising from share-based payments are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Equity-settled share-based payment	10,458	70,556	1,000	6,832

2. INFORMATION ON EQUITY-SETTLED SHARE-BASED PAYMENT

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan"), which was approved by the shareholders' meeting on 12 July 2006. According to the Plan, the key management personnel and other employees the company were granted share options of the company at nil consideration to subscribe for shares of the company. 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 the company.

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since 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.

As mentioned in Note IV 6(1), before Raffles was acquired by the Company, Raffles carried out a share option plan approved by the shareholders' meeting on 21 June 2006. According to the share options plan, the board of directors was authorised to grant share options to the key management personnel and other employees to subscribe for shares of Raffles. Each eligible participant purchased the share options at the cost of SGD 1. The numbers of options were 6,355,003 and 1,154,003 granted in 2007 and 2008 by the board of directors, with the exercise prices of from USD 1.64 to USD1.65, from NOK 10.50 to NOK 26.00, and from USD 1.6425 to USD 1.65. The longest effective period of the share options plan was ten years from the first grant date of share options. As at 31 December 2010, there were 6,239,005 outstanding share options with were still effective. All the costs relating to the share options were recognized before 1 July 2010. The above cost was USD 710,000 (equivalent to RMB 4,785,000), of which USD 362,000 (RMB 2,492,000) was attributable to the parent company and recorded as capital reserve, and the remaining USD 348,000 (RMB 2,293,000) was attributable to the minority shareholders and recorded in minority interests.

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. INFORMATION ON EQUITY-SETTLED SHARE-BASED PAYMENT (CONTINUED)

Method to determine the fair value of equity instruments at grant date

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 are fair value of share options and factors taken into account when using the binomial lattice model:

	2010	2009
Fair value of share options	RMB4.80 and RMB6.80	HKD1.64
Current share price	RMB13.21	HKD4.00
Exercise price	RMB12.39	HKD4.00
Expected fluctuation of stocks	45%	64.78%
Vesting period	10 years	10 years
Expected dividends	0.60%	0.68%
Risk-free rate	2.60% and 3.40%	2.24%

Note: The fair value and risk-free rate of share options granted by the Company for the year are RMB4.8 per share and 2.6% in the first exercisable period, and RMB6.8 per share and 3.4% in the second exercisable period.

Basis of the best estimate of the number of equity instruments expected to vest

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.

Reasons for significant differences of estimation between current year and last year

Nil

	Amount USD'000	RMB equivalent RMB'000
Accumulated amount in capital reserve for equity-settled share-based payments	12,011	82,432
Total expenses recognised for equity-settled share-based payments	10,458	70,556
Including:		
- attributable to the Company	3,866	26,0
- attributable to Enric	5,882	39,6
- attributable to Raffles	710	4,7

There is no share option exercised for the year.

VIII. CONTINGENCIES

1. CONTINGENT LIABILITIES

Raffles, the subsidiary of the Company, and its subsidiaries (hereafter collectively referred as "CIMC Raffles") entered into ship construction contracts with the customer. Both parties carried out the negotiations regarding to the significant increase in construction cost due to the change of the initial design. CIMC Raffles requested the customer to compensate it for the additional costs and losses due to the change of the contract and agree the postponement of delivery of ships. Based on management assessment on the negotiation result, CIMC Raffles made no provision on the potential losses and the compensation for delivery postponement. the maximum amount for the potential losses and compensation for delivery postponement that CIMC Raffles may need to bear is USD 41,400,000 (RMB 272,814,000), depending on the final negotiation result.

2. GUARANTEES PROVIDED FOR OTHER ENTITIES

During the year, HI signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. As at 31 December 2010, the Group has the above outstanding guarantees totaling RMB1,044,329,000, equivalent to USD 158,479,000(2009: RMB 627,162,000, equivalent to USD 91,849,000).

3. Bills issued but not recorded on books, outstanding letter of credit and performance guarantee

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills receivable are recognised at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 31 December 2010, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totaling USD 117,195,000 (RMB 772,281,000). As at 31 December 2009, the balance was USD 20,357,000 (RMB 139,005,000).

As at 31 December 2010, Raffles had outstanding balance of performance guarantees issued by bank totaling to USD 112,128,000, equivalent to RMB 738,890,000.

IX. COMMITMENTS

1. SIGNIFICANT COMMITMENTS

(1) Capital commitments

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Construction contracts entered into but not exercised or not fully exercised	270,673	1,783,657	63,359	432,631
Investment contracts entered into but not exercised or not fully exercised	-	-	59,313	405,000
Total	270,673	1,783,657	122,672	837,631

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	7,220	47,578	14,183	96,847
After 1 year but within 2 years (inclusive)	7,036	46,365	7,639	51,152
After 2 years but within 3 years (inclusive)	3,405	22,437	6,522	44,536
After 3 years	15,934	104,998	19,399	132,460
Total	33,595	221,378	47,743	324,995

X. NON-ADJUSTING POST BALANCE SHEET EVENTS

1. Change of functional currency

The functional currency of the Company was USD in 2010 and prior years. As the impact of RMB on economic environment of the Company and some domestic subsidiaries was getting strengthened, the Company will change the functional currency to RMB since 1 January 2011.

X. NON-ADJUSTING POST BALANCE SHEET EVENTS (CONTINUED)

2. INFORMATION ABOUT PROFITS DISTRIBUTION AFTER BALANCE SHAEET DATE

RMB'000

Dividend proposed to be distributed after balance sheet date	Note 1	931,839

(1) Dividend for ordinary shares proposed after balance sheet date

Board of directors proposed to distribute cash dividend of RMB 0.35 per share (2009: RMB 0.12 per share) to ordinary shareholders of the Company on 21 March 2011, totally RMB 931,838,617.85 (2009: RMB 319,487,526.12). The proposal is pending for approval of the Shareholders Meeting. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

XI. OTHER SIGNIFICANT MATTERS

1. FINANCE LEASE

(1) The total future minimum lease receivables as finance lease leasor is as follows:

Residual contractual life	Minimum lease receivables	
	USD'000	RMB'000
Within 1 year (inclusive)	131,699	867,858
After 1 year but within 2 years (inclusive)	64,954	428,028
After 2 years but within 3 years (inclusive)	43,149	284,333
After 3 years	45,109	297,256
Total	284,911	1,877,475

(2) The total future minimum lease payables as finance lease leasee is as follows:

Residual contractual life	Minimum lease receivables	
	USD'000	RMB'000
Within 1 year (inclusive)	14,809	97,584
After 1 year but within 2 years (inclusive)	10,081	66,432
After 2 years but within 3 years (inclusive)	7,956	52,426
Total	32,846	216,442

E. 2. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) Segment revenue, expenses, 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 preparations basis of such information are detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilites include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are excluede.

Segment profit represents revenue (including external operating income and inter-segment operating income), 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. The Group dose not allocate non-operating income/expenses and income tax expenses to individual segment.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (CONTINUED)

(1) Segment revenue, expenses, assets and liabilities (continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/ (losses), assets and liabilities is set out as follows:

USD'000

Item	Containers 2010	Trailers 2010	Energy chemistry And food equipment 2010	Offshore business 2010	Airport facilities 2010	others 2010	Elimination between segments 2010	Unallocated items 2010	Total 2010
External transaction	3,756,434	2,464,711	775,128	362,267	50,784	264,035	-	-	7,673,359
Inter segment transaction	14,406	501	17,994	-	-	41,052	(73,953)	-	-
Investment income / (losses) in joint ventures and associates	13,747	(3,475)	-	707	-	2,978	-	1,301	15,258
Impairment loss for the year	3,149	15,510	(435)	15,513	611	6,356	-	-	40,704
Depreciation and amortisation expenses	52,172	78,776	41,339	25,688	512	6,744	-	-	205,231
Interest income	2,926	2,273	2,180	1,271	21	402	-	1,167	10,240
Interest expenses	4,141	7,556	3,649	23,314	71	1,613	-	27,779	68,123
Segment operating profit / (losses)	577,042	105,027	23,582	(182,074)	4,523	19,391	-	(2,821)	544,670
Income tax expenses	81,817	22,461	13,696	(12,745)	778	15,835	-	258	122,100
Net profit / (losses)	495,225	82,566	9,886	(169,329)	3,745	3,556	-	(3,079)	422,570
Segment total assets	2,102,409	1,664,155	960,639	1,817,570	71,785	915,070	-	682,803	8,214,431
Segment total liabilities	1,035,716	804,959	387,009	1,445,635	31,968	277,234	-	1,317,255	5,299,776
Supplementary information:									
- Segment expenditures other than depreciation and amortization	-	-	5,882	710	-	-	-	12,766	19,358
- Long-term equity investment of joint ventures and associates	88,345	21,705	-	6,324	-	12,795	-	46,727	175,896
- Segment expenditures raising from additions of non-current assets	106,302	103,765	87,059	170,701	10,005	24,194	-	5,246	507,272

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (CONTINUED)

(1) Segment revenue, expenses, assets and liabilities (continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/ (losses), assets and liabilities is set out as follow (continued):

USD'000

Item	Containers 2009	Trailers 2009	Energy chemistry And food equipment 2009	Offshore business 2009	Airport facilities 2009	others 2009	Elimination between segments 2009	Unallocated items 2009	Total 2009
External transaction	781,243	1,603,270	508,907	-	66,642	37,597	-	-	2,997,659
Inter segment transaction	34,741	8,991	18,176	-	11,142	19,401	(92,451)	-	-
Investment income / (losses) in joint ventures and associates	5,286	(241)	-	3,909	-	5,433	-	830	15,217
Impairment loss for the year	16,635	32,371	8,132	-	541	308	-	-	57,987
Depreciation and amortisation expenses	50,691	37,563	31,234	-	289	1,437	-	3,147	124,361
Interest income	28,049	15,728	276	-	417	4,426	(67,629)	31,547	12,814
Interest expenses	32,276	34,085	4,725	-	-	1,974	(67,629)	20,868	26,299
Segment operating (losses) / profit	(33,999)	41,022	(2,728)	-	10,262	(10,516)	(16,809)	227,303	214,535
Income tax expenses	12,448	10,091	(1,789)	-	1,466	2,465	-	31,636	56,317
Net profit / (losses)	(46,447)	30,931	(939)	-	8,796	(12,981)	(16,809)	195,667	158,218
Segment total assets	1,689,636	1,682,145	985,805	117,152	72,821	649,181	(70,592)	345,044	5,471,192
Segment total liabilities	505,291	930,270	301,555	-	28,237	122,319	(70,592)	1,336,278	3,153,358
Supplementary information:									
- Segment (income) / expenditures other than depreciation and amortization	(24,740)	(57)	(1,112)	-	(72)	(115)	-	32,760	6,664
- Long-term equity investment of joint ventures and associates	77,885	23,232	-	99,033	-	14,848	-	8,706	223,704
- Segment expenditures raising from additions of non-current assets	50,505	69,202	183,530	-	294	7,717	(86,735)	4,335	228,848

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (CONTINUED)

(1) Segment revenue, expenses, assets and liabilities (continued)

Note: The Group recognised the offshore engineering business as a reportable segment in 2010. For the purpose of comparison, the Group re-stated the segment report of 2009, which treat the offshore engineering business as a segment.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (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

USD'000

Item	Revenue from external customers		Non-current assets	
	2010	2009	2010	2009
P.R.China	2,851,058	1,772,332	2,454,903	1,800,823
Asia (exclusive of China)	625,073	239,836	6,501	4,034
America	2,342,264	347,681	44,835	199,488
Europe	1,721,850	497,676	179,132	84,779
Others	133,114	140,134	7,461	3,578
Total	7,673,359	2,997,659	2,692,832	2,092,702

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency 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, etc.

The Group's risk management policies are established to identify and analyse 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.

(1) Credit risk

The Group's credit risk is primarily attributable to receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

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 requiring credit over a certain amount. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 31 December 2010.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 24.14% (2009: 17.64%) of the total accounts receivable were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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:

USD'000

Item	2010 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Financial assets						
Cash at bank and on hand	706,511	-	-	-	706,511	706,511
Accounts receivable and other receivables	1,573,078	-	-	-	1,573,078	1,573,078
Long-term receivables	200,226	116,174	88,492	13,828	418,720	382,682
Subtotal	2,479,815	116,174	88,492	13,828	2,698,309	2,662,271
Financial liabilities						
Short-term loans	(1,260,954)	-	-	-	(1,260,954)	(1,260,954)
Accounts payable and other payables	(1,746,037)	-	-	-	(1,746,037)	(1,746,037)
Long-term loans	(432,823)	(63,678)	(254,713)	(318,391)	(1,069,605)	(1,010,529)
Long-term payables	(16,313)	(10,799)	(8,156)	-	(35,268)	(32,846)
Subtotal	(3,456,127)	(74,477)	(262,869)	(318,391)	(4,111,864)	(4,050,366)
Net total	(976,312)	41,697	(174,377)	(304,563)	(1,413,555)	(1,388,095)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 (continued):

RMB'000

Item	2010 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Financial assets						
Cash at bank and on hand	4,655,696	-	-	-	4,655,696	4,655,696
Accounts receivable and other receivables	10,366,108	-	-	-	10,366,108	10,366,108
Long-term receivables	1,319,429	765,552	583,136	91,122	2,759,239	2,521,759
Subtotal	16,341,233	765,552	583,136	91,122	17,781,043	17,543,563
Financial liabilities						
Short-term loans	(8,309,309)	-	-	-	(8,309,309)	(8,309,309)
Accounts payable and other payables	(11,505,867)	-	-	-	(11,505,867)	(11,505,867)
Long-term loans	(2,852,174)	(419,619)	(1,678,482)	(2,098,101)	(7,048,376)	(6,659,085)
Long-term payables	(107,499)	(71,161)	(53,746)	-	(232,406)	(216,442)
Subtotal	(22,774,849)	(490,780)	(1,732,228)	(2,098,101)	(27,095,958)	(26,690,703)
Net total	(6,433,616)	274,772	(1,149,092)	(2,006,979)	(9,314,915)	(9,147,140)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Liquidity risk (continued)

USD'000

Item	2009 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Financial assets						
Cash at bank and on hand	771,685	-	-	-	771,685	771,685
Accounts receivable and other receivables	773,615	-	-	-	773,615	730,221
Long-term receivables	69,563	90,020	57,545	1,362	218,490	202,978
Subtotal	1,614,863	90,020	57,545	1,362	1,763,790	1,704,884
Financial liabilities						
Short-term loans	(608,869)	-	-	-	(608,869)	(608,869)
Accounts payable and other payables	(869,798)	-	-	-	(869,798)	(869,798)
Long-term loans	(76,405)	(382,411)	(443,639)	-	(902,455)	(888,087)
Subtotal	(1,555,072)	(382,411)	(443,639)	-	(2,381,122)	(2,366,754)
Net total	59,791	(292,391)	(386,094)	1,362	(617,332)	(661,870)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Liquidity risk (continued)

RMB'000

Item	2009 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Financial assets						
Cash at bank and on hand	5,269,217	-	-	-	5,269,217	5,269,217
Accounts receivable and other receivables	5,282,395	-	-	-	5,282,395	4,986,093
Long-term receivables	474,990	614,675	392,929	9,300	1,491,894	1,385,978
Subtotal	11,026,602	614,675	392,929	9,300	12,043,506	11,641,288
Financial liabilities						
Short-term loans	(4,157,477)	-	-	-	(4,157,477)	(4,157,477)
Accounts payable and other payables	(5,939,158)	-	-	-	(5,939,158)	(5,939,158)
Long-term loans	(521,711)	(2,611,182)	(3,029,254)	-	(6,162,147)	(6,064,032)
Subtotal	(10,618,346)	(2,611,182)	(3,029,254)	-	(16,258,782)	(16,160,667)
Net total	408,256	(1,996,507)	(2,636,325)	9,300	(4,215,276)	(4,519,379)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group adopts an interest rate policy of ensuring that interest rate risk is reasonable. The Group has entered into interest rate swaps denominated in the currency of the loan, to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(3) Interest rate risk (continued)

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

USD'000

Item	2010		2009	
	Annual interest rate	Amount	Annual interest rate	Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
- Long-term receivables	6.63% - 24.17%	202,780	5.50%-6.50%	145,271
-Long-term receivables due within one year	6.63% - 24.17%	179,902	5.50%-6.50%	57,707
Financial liabilities				
-Short-term loans	2.34% - 4.30%	(1,260,954)	1.53% - 5.35%	(608,869)
-Long-term payable	4.97% ~ 5.80%	(18,037)	-	-
-Long-term payable due within one year	4.97% ~ 5.80%	(14,809)	-	-
Total		(911,118)		(405,891)

USD'000

Item	2010		2009	
	Annual interest rate	Amount	Annual interest rate	Amount
Variable rates interest-bearing financial instruments				
Financial assets				
-Cash and cash equivalents	0.40%-3.90%	706,511	0.36%-3.87%	771,685
Financial liabilities				
-Long-term loans due within one year	Refer to Note V.33	(416,853)	Refer to NoteV.33	(66,705)
- Long-term loans	Refer to Note V.34	(593,676)	Refer to NoteV.34	(821,382)
Total		(304,018)		(116,402)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(3) Interest rate risk (continued)

(b) Sensitivity analysis

As at 31 December 2010, it is estimated that a general increase / decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by USD1,710,000 (2009: USD437,000), and equity by USD1,710,000 (2009: USD437,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for 2009.

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency 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.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.23, 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.

RMB'000

Item	2010				2009			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	1,521,592	396,971	128,125	34,616	2,618,973	570,726	32,560	24,942
Accounts receivable	5,327,812	401,886	17,054	4,323	1,796,322	323,664	6,971	70
Short-term loans	(3,035,638)	(287,944)	(423,878)	(10,021)	(1,553,020)	(607,232)	-	-
Long-term loans	(2,438,189)	(35,189)	-	-	(3,550,664)	(118,064)	(479,832)	-
Accounts payable	(2,924,606)	(156,227)	(169,893)	(3,551)	(1,454,578)	(60,113)	(91,544)	(346)
Provisions	(294,478)	(25,644)	(23,472)	-	(478,391)	(38,410)	(41,381)	-
Non-current liabilities due within one year	(658,970)	(70,385)	(17,581)	-	(273,128)	(78,708)	(61,618)	-
Gross balance sheet exposure	(2,502,477)	223,468	(489,645)	25,367	(2,894,486)	(8,137)	(634,844)	24,666

(b) Significant exchange rates applied by the Group are as follows at reporting date:

Item	Average exchange rate		Benchmark exchange rate	
	2010	2009	2010	2009
USD	6.7465	6.8305	6.5897	6.8282
EUR	8.8378	9.6055	8.7979	9.8388
HKD	0.8682	0.8813	0.8477	0.8805
JPY	7.7705	7.5400	8.0984	7.5634

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency risk (continued)

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 4%, 3%, 4% and 10% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2010 (1%, 3%, 1% and 1% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2009) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

		RMB'000
Item	Equity	Net profit
31 December 2010		
USD	75,074	75,074
EUR	(5,028)	(5,028)
HKD	14,689	14,689
JPY	(1,903)	(1,903)
Total	82,832	82,832
31 December 2009		
USD	21,709	21,709
EUR	183	183
HKD	4,761	4,761
JPY	(185)	(185)
Total	26,468	26,468

4%, 3%, 4% and 10% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2010 (1%, 3%, 1% and 1% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2009) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(4) Foreign currency risk (continued)

(c) Sensitivity analysis (continued)

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for 2009.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.23 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 31 December 2010, the Group held 32,291,152 tradable shares of China Merchants Securities and 11,526,000 tradable shares of China Merchants Bank.

As at 31 December 2010, it is estimated that a general increase/decrease of composite index of Shanghai A-share by 14.31% (2009: 58.46%), or 469 point (2009: 2,562 point), with all other variables held constant, would increase/decrease the Group's shareholders' equity by USD 12,368,000 (2009:USD 67,555,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 14.31% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date. The analysis was performed on the same basis for 2008.

(6) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31 December 2010 across the three levels of the fair value hierarchy. 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. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

USD’000

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Held for trading	V.2	59,713	-	-	59,713
Derivative financial assets	V. 2	-	18,069	-	18,069
Hedging Instrument	V. 2	-	1,988	-	1,988
Subtotal		59,713	20,057	-	79,770
Available-for-sale financial assets	V. 10	116,616	-	-	116,616
Subtotal		116,616	-	-	116,616
Total		176,329	20,057	-	196,386

USD’000

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading					
Derivative financial liabilities	V. 23	-	(23,992)	-	(23,992)
Total		-	(23,992)	-	(23,992)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(6) Fair values (continued)

(a) Financial instruments carried at fair value (continued)

RMB'000

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
held for trading	V.2	393,491	-	-	393,491
Derivative financial assets	V. 2	-	119,069	-	119,069
Hedging Instrument	V. 2	-	13,101	-	13,101
Subtotal		393,491	132,170	-	525,661
Available-for-sale financial assets	V. 10	768,467	-	-	768,467
Subtotal		768,467	-	-	768,467
Total		1,161,958	132,170	-	1,294,128

RMB'000

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading					
Derivative financial liabilities	V. 23	-	(158,102)	-	(158,102)
Total		-	(158,102)	-	(158,102)

Excluding available-for-sale financial assets that invested in shares of China Merchants Securities Co., Ltd., there is no change in the fair value measurement of the Group's financial instruments in 2010. As at 31 December 2009, shares of China Merchants Securities Co., Ltd., that the Company held were restricted tradable shares, whose fair value were based on the market price of listed tradable shares of China Merchants Securities Co., Ltd. at balance sheet date, which were priced using Black Scholes Option Pricing Model, belonged to Level 2. The aforesaid restricted tradable shares listed and became tradable since 18 November 2010. The Company measured the shares' fair value using the market price of listed tradable shares, which belonged to Level 1.

(b) Fair value of other financial instruments (the carrying amounts are not measured at fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2010.

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(7) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note XI.3.(6) that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (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) Loans and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(7) Estimation and assumption of fair values (continued)

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	Interest rates used in 2010	Interest rates used in 2009
Long-term loans	0.85% - 5.23%	0.56% - 5.94%
Receivables	5.35 - 6.40%	4.86% - 5.94%

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

USD'000

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
Financial assets					
1 Financial assets at fair value through profit or loss (excluding derivative financial assets)	12,701	23,431		-	59,713
2. Derivative financial instrument	739	13,938		-	18,069
3. Hedging Instrument	3,164	-	2,053	-	1,988
4. Available-for-sale financial assets	172,196	-	106,071	-	116,616
Subtotal	188,800	37,369	108,124	-	196,386
Financial liabilities	(22,705)	(2,548)		-	(23,992)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

RMB'000

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
Financial assets					
1 Financial assets at fair value through profit or loss (excluding derivative financial assets)	86,722	158,077	-	-	393,491
2. Derivative financial instrument	5,050	94,032	-	-	119,069
3. Hedging Instrument	21,565	-	14,070	-	13,101
4. Available -for-sale financial assets	1,175,785	-	727,466	-	768,467
Subtotal	1,289,122	252,109	741,536	-	1,294,128
Financial liabilities	(155,036)	(17,191)	-	-	(158,102)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

5. FINANCIAL ASSETS AND LIABILITIES IN FOREGIN CURRENCIES

USD'000

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		12,286	16,753	-	-	34,938
2. Derivative financial instrument	(1)	739	13,938	-	-	18,069
3. Hedging Instrument		3,164	-	2,053	-	1,988
4. Loans and receivables	(2)	322,606	-	-	(1,526)	882,506
5. Available-for-sale financial assets		18,118	-	593	-	1,375
Subtotal		356,913	30,691	2,646	(1,526)	938,876
Financial liabilities	(3)	(1,363,890)	(2,548)	-	-	(1,865,586)

5. FINANCIAL ASSETS AND LIABILITIES IN FOREGIN CURRENCIES (CONTINUED)

RMB'000

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		83,888	110,397	-	-	230,231
2. Derivative financial instrument	(1)	5,050	94,032	-	-	119,069
3. Hedging Instrument		21,565	-	14,070	-	13,101
4. Loans and receivables	(2)	2,202,816	-	-	(10,056)	5,815,450
5. Available-for-sales		123,715	-	3,935	-	9,066
Subtotal		2,437,034	204,429	18,005	(10,056)	6,186,917
Financial liabilities	(3)	(9,312,911)	(17,191)	-	-	(12,293,652)

Note: (1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. CASH AT BANK AND ON HAND

	2010				2009			
	Original currency '000	Exchange rate	USD '000	RMB '000	Original currency '000	Exchange rate	USD '000	RMB '000
Cash at bank								
RMB	293,010	6.5897	44,464	293,010	80,767	6.8282	11,829	80,767
USD	2,953	1.0000	2,953	19,457	4,540	1.0000	4,540	31,002
HKD	94	7.7734	12	79	64	7.7546	8	56
JPY	384,917	81.37	4,730	31,172	311,795	90.28	3,454	23,583
EUR	2	0.7490	3	17	65	0.6940	93	637
Subtotal			52,162	343,735			19,924	136,045
Other momentary funds								
RMB	73,726	6.5897	11,188	73,726	1,635	6.8282	240	1,635
USD	377	1.0000	377	2,484	73,234	1.0000	73,234	500,058
Subtotal			11,565	76,210			73,474	501,693
Total			63,727	419,945			93,398	637,738

As at 31 December 2010, restricted cash at bank and on hand of the Company was USD 377,000, equivalent to RMB 2,484,000 (2009: USD 73,234,000, equivalent to RMB 500,058,000).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

2. Financial assets held for trading

(1) Financial assets held for trading by categories:

Category	2010 Amount USD'000	2010 RMB equvalent RMB'000	2009 Amount USD'000	2009 RMB equvalent RMB'000
1、 Equity securities investments held for trading	24,629	162,298	-	-
Total	24,629	162,298	-	-

(2) **There is no restriction in liquidity of financial assets held for trading for the current year.**

3. DIVIDENDS RECEIVABLE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
SCIMC	85,038	560,378	85,039	580,659
SCIMCEL	22,742	149,861	55,157	376,621
XHCIMC	262	1,726	262	1,789
QDCC	5,213	34,355	5,213	35,599
DLCIMC	8,401	55,361	8,401	57,364
NBCIMC	4,856	32,001	11,733	80,115
SCRC	12,761	84,097	15,877	108,414
XHCIMCS	23,549	155,179	23,549	160,795
QDCSR	3,435	22,635	1,241	8,471
DLL	7,018	46,248	7,018	47,922
CIMC(HK)	461,838	3,043,364	462,834	3,160,330
TCCIMC	3,616	23,831	3,616	24,693
ZZCIMC	3,541	23,333	3,541	24,177
TJCIMCLE	949	6,253	-	-
SBWI	-	-	615	4,198
QDCRC	731	4,815	-	-
CIMCSD	-	-	9,480	64,727
Total	643,950	4,243,437	693,576	4,735,874

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES

(1) Other receivables by customers' categories:

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from related parties	633,029	4,171,470	768,076	5,244,575
Deposits	122	804	119	814
Others	1,130	7,448	3,652	24,936
Subtotal	634,281	4,179,722	771,847	5,270,325
Less: provision for bad and doubtful debts	(691)	(4,554)	(691)	(4,719)
Total	633,590	4,175,168	771,156	5,265,606

(2) The ageing analysis of other receivables is as follows:

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year	611,677	4,030,771	749,260	5,116,097
1 to 2 years	-	-	22,587	154,228
2 to 3 years	22,604	148,951	-	-
More than 3 years	-	-	-	-
Subtotal	634,281	4,179,722	771,847	5,270,325
Less: provision for bad and doubtful debts	(691)	(4,554)	(691)	(4,719)
Total	633,590	4,175,168	771,156	5,265,606

The ageing is counted starting from the date the other receivable is recognised.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories:

Category	Note	2010				2009			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount USD’000	Percentage (%)	Amount USD’000	Percentage (%)	Amount USD’000	Percentage (%)	Amount USD’000	Percentage (%)
Individually significant other receivables	(4)	630,971	99.48%	-	-	744,953	96.52%	-	-
Other insignificant other receivables	(5)	3,310	0.52%	691	20.88%	26,894	3.48%	691	2.57%
Total		634,281	100.00%	691	0.11%	771,847	100.00%	691	0.09%

Category	Note	2010				2009			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount RMB’000	Percentage (%)	Amount RMB’000	Percentage (%)	Amount RMB’000	Percentage (%)	Amount RMB’000	Percentage (%)
Individually significant other receivables	(4)	4,157,910	99.48%	-	-	5,086,688	96.52%	-	-
Other insignificant other receivables	(5)	21,812	0.52%	4,554	20.88%	183,637	3.48%	4,719	2.57%
Total		4,179,722	100.00%	4,554	0.11%	5,270,325	100.00%	4,719	0.09%

There are no collaterals the Group holds for accounts receivable that made impairment aforesaid.

4. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories (continued):

Individually significant items represent other receivables which individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

(4) An analysis of other receivables individually significant and assessed for impairment individually is as follows:

There are no other receivables individually significant and individually assessed for impairment at the year end. (2009: Nil).

(5) An analysis of individually insignificant but assessed for impairment individually is as follows:

There are no other receivables individually insignificant but assessed for impairment individually at the year end. (2009: Nil).

(6) Written-back or recovery of accounts receivable during the year

There were no other receivables for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2009: Nil).

(7) Write-off of other receivables during the year

There was no material write-off of other receivables during the year (2009: Nil).

4. OTHER RECEIVABLES (CONTINUED)

(8) Other receivables due from the five largest debtors of the Group are as follows:

Debtor	Relationship with the Company	USD'000	RMB'000	Aging	Proportion in total other receivables (%)
1. Total amounts due from subsidiaries	Subsidiary	606,841	3,998,902	Within 1 year	95.67%
2. Shanghai Fengyang Real Estate Development Co., Ltd	Associates	24,130	159,007	1 to 3 years	3.80%
3. China Merchants International Ltd.	Shareholder	1,169	7,704	Within 1 year	0.18%
4. Nanshan Construction Bureau.	Third Party	477	3,140	2to 3 years	0.08%
5. Xietong Real Estate Company	Third Party	304	2,000	Within 1 year	0.05%
Total	—	632,921	4,170,753	—	99.78%

The Group's top 5 other receivables as at 31 December 2009 amounted to USD 482,398,000 (RMB 3,293,918,000), accounting for 62.50% of the total other receivables.

(9) Status of share holders holding to 5% or above voting rights, in the Company's other receivables

Balance of other receivables due from shareholders who hold 5% or more of the voting rights of the Group as at balance sheet date represented withholding Corporate Income Tax of oversea shareholder dividend due from China Merchants International Ltd and COSCO Container, amounting to USD1,169,000 and USD286,000 respectively, equivalent to RMB7,704,000 and RMB1,886,000. (2009:Nil)

(10) Receivables due from related parties

Related party	Relationship with the Company	USD'000	RMB'000	Percentage in total other receivables (%)
Shareholders who hold 5% or more of the voting rights of the Group	Shareholders	1,455	9,590	0.23%
Associates	Associates	24,130	159,007	3.80%
Subsidiaries	Subsidiaries	606,841	3,998,902	95.67%
Others	Minority shareholders of associates and subsidiaries	603	3,971	0.10%
Total	—	633,029	4,171,470	99.80%

4. OTHER RECEIVABLES (CONTINUED)

(11) Derecognition of other receivables due to transferring of financial assets

There was no derecognition of other receivables due to transferring of financial assets of the Company in 2010 (2009: Nil).

(12) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2009: Nil).

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Available-for-sale equity instruments	115,241	759,401	154,077	1,052,070

Detailed analysis for the Group's available-for-sale financial assets, refer to Note V.10.

6. LONG-TERM EQUITY INVESTMENTS

(1) As at 31 December 2010, the Company's long-term equity investments are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Investments to subsidiaries	496,771	3,273,573	377,130	2,575,120
Other long-term equity investments	59,482	391,970	59,482	406,155
Subtotal	556,253	3,665,543	436,612	2,981,275
Less: provision of impairment	465	3,065	465	3,175
Total	555,788	3,662,478	436,147	2,978,100

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows:

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Investment in subsidiaries										
SCIMC	12,450	12,450	-	12,450	100.00%	100.00%	-	-	-	-
SCIMCEL	12,450	12,450	-	12,450	100.00%	100.00%	-	-	-	-
XHCIMC	5,539	5,539	-	5,539	100.00%	100.00%	-	-	-	-
CIMC Yuandong	17,338	17,338	-	17,338	100.00%	100.00%	-	-	-	-
TJCIMC	12,342	12,342	-	12,342	100.00%	100.00%	-	-	-	-
TJCIMCn	11,500	11,500	-	11,500	100.00%	100.00%	-	-	-	-
QDCC	9,139	9,139	-	9,139	100.00%	100.00%	-	-	-	-
DLCIMC	7,400	7,400	-	7,400	100.00%	100.00%	-	-	-	-
NBCIMC	3,750	3,750	-	3,750	100.00%	100.00%	-	-	-	-
SBWI	10,100	10,100	-	10,100	94.75%	100.00%	IV、1、(4)(ii)	-	-	-
TCCIMC	19,979	19,979	-	19,979	100.00%	100.00%	-	-	-	-
ZZCIMC	15,266	15,266	-	15,266	100.00%	100.00%	-	-	-	-
SHYSLE	11,982	11,982	-	11,982	100.00%	100.00%	-	-	-	-
CQCIMC	5,994	5,994	-	5,994	100.00%	100.00%	-	-	-	-
SCRC	30,486	30,486	-	30,486	92.00%	100.00%	-	-	-	12,762
QDCRC	8,229	8,229	-	8,229	89.30%	89.30%	-	-	-	731
XHCIMCS	12,448	6,748	5,700	12,448	100.00%	100.00%	-	-	-	5,700

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows (continued):

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Investment in subsidiaries (continued)										
DLL	7,024	7,024	-	7,024	100.00%	100.00%	-	-	-	-
QDCSR	1,931	1,931	-	1,931	100.00%	100.00%	-	-	-	2,194
TJCIMCLE	2,498	2,498	-	2,498	100.00%	100.00%	-	-	-	949
CIMC (HK)	256	256	-	256	100.00%	100.00%	-	-	-	-
CIMC (USA)	26,009	26,009	-	26,009	100.00%	100.00%	-	-	-	-
CIMCSD	24,688	24,688	-	24,688	100.00%	100.00%	-	-	-	-
HI	41,906	41,906	-	41,906	80.00%	80.00%	-	-	-	-
SZVL	4	4	-	4	80.20%	80.20%	-	-	-	-
CIMC TEI	-	900	(900)	-	-	-	-	-	-	-
CIMC Tech	384	384	-	384	100.00%	100.00%	-	-	-	-
TCCIMC	9,073	9,073	-	9,073	100.00%	100.00%	-	-	-	-
YTLRC	-	1,645	(1,645)	-	-	-	-	-	-	-
CIMCWD	16,473	16,473	-	16,473	100.00%	100.00%	-	-	-	-
CIMC Management and Training(Shenzhen)	7,300	7,300	-	7,300	100.00%	100.00%	-	-	-	-

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows (continued):

USD'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Investment in subsidiaries (continued)										
DLZH	16,857	16,857	-	16,857	100.00%	100.00%	-	-	-	-
MEA	3,293	3,293	-	3,293	100.00%	100.00%	-	-	-	-
SZW	527	527	-	527	100.00%	100.00%	-	-	-	-
TLC	12,375	12,375	-	12,375	100.00%	100.00%	-	-	-	-
SCIMCEL	3,295	3,295	-	3,295	100.00%	100.00%	-	-	-	-
Shenzhen CIMC Investment Company Limited	10,987	-	10,987	10,987	100.00%	100.00%	-	-	-	-
CWGS.	73,234	-	73,234	73,234	100.00%	100.00%	-	-	-	-
CIMC Vehicle Finance and Leasing Co., Ltd.	28,180	-	28,180	28,180	100.00%	100.00%	-	-	-	-
QDSV	4,085	-	4,085	4,085	80.00%	100.00%	四、1、(4)(ii)	-	-	-
Subtotal	496,771	377,130	119,641	496,771	-	-	-	-	-	22,336
Costing method – Other long-term equity investment										
China Railway United Logistics	57,783	57,783	-	57,783	10.00%	10.00%	-	-	-	-
Beihai Yinjian	258	258	-	258	1.01%	1.01%	-	258	-	-
Guangdong Samsung	207	207	-	207	0.09%	0.09%	-	207	-	-
BOCM Schroder Stolt Fund Management	1,234	1,234	-	1,234	5.00%	5.00%	-	-	-	1,105
Subtotal	59,482	59,482	-	59,482	-	-	-	465	-	1,105
Total	556,253	436,612	119,641	556,253	-	-	-	465	-	23,441

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Investment in subsidiaries:										
SCIMC	82,042	85,011	(2,969)	82,042	100.00%	100.00%	-	-	-	-
SCIMCEL	82,042	85,011	(2,969)	82,042	100.00%	100.00%	-	-	-	-
XHCIMC	36,500	37,821	(1,321)	36,500	100.00%	100.00%	-	-	-	-
CIMB Yuandong	114,249	118,384	(4,135)	114,249	100.00%	100.00%	-	-	-	-
TJCIMC	81,333	84,276	(2,943)	81,333	100.00%	100.00%	-	-	-	-
TJCIMCn	75,780	78,523	(2,743)	75,780	100.00%	100.00%	-	-	-	-
QDCC	60,255	62,405	(2,180)	60,225	100.00%	100.00%	-	-	-	-
DLCIMC	48,764	50,529	(1,765)	48,764	100.00%	100.00%	-	-	-	-
NBCIMC	24,711	25,606	(895)	24,711	100.00%	100.00%	-	-	-	-
SBWI	66,558	68,967	(2,409)	66,558	94.75%	100.00%	四、1、(4)(ii)	-	-	-
TCCIMC	131,654	136,419	(4,765)	131,654	100.00%	100.00%	-	-	-	-
ZZCIMC	100,597	104,238	(3,641)	100,597	100.00%	100.00%	-	-	-	-
SHYSLE	78,955	81,812	(2,857)	78,955	100.00%	100.00%	-	-	-	-
CQVL	39,499	40,928	(1,429)	39,499	100.00%	100.00%	-	-	-	-
SCRC	200,892	208,163	(7,271)	200,892	92.00%	100.00%	-	-	-	86,098
QDCRC	54,225	56,188	(1,963)	54,225	89.30%	89.30%	-	-	-	4,929
XHCIMCS	82,026	46,074	35,952	82,026	100.00%	100.00%	-	-	-	38,455
DLL	46,284	47,959	(1,675)	46,284	100.00%	100.00%	-	-	-	-
QDCSR	12,743	13,204	(461)	12,743	100.00%	100.00%	-	-	-	14,804

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Investment in subsidiaries (continued):										
TJCIMCLE	16,459	17,054	(595)	16,459	100.00%	100.00%	-	-	-	6,401
CIMC (HK)	1,690	1,751	(61)	1,690	100.00%	100.00%	-	-	-	-
CIMC (USA)	171,397	177,600	(6,203)	171,397	100.00%	100.00%	-	-	-	-
CIMCSD	162,686	168,574	(5,888)	162,686	100.00%	100.00%	-	-	-	-
HI	276,148	286,143	(9,995)	276,148	80.00%	80.00%	-	-	-	-
SCVL	24	25	(1)	24	80.20%	80.20%	-	-	-	-
CIMC TEI	-	6,145	(6,145)	-	-	-	-	-	-	-
CIMC Tech	2,526	2,618	(92)	2,526	100.00%	100.00%	-	-	-	-
TCCIMC	59,792	61,956	(2,164)	59,792	100.00%	100.00%	-	-	-	-
YTLRC		11,230	(11,230)		100.00%	100.00%	-	-	-	-
CIMCWD	108,544	112,472	(3,928)	108,544	100.00%	100.00%	-	-	-	-
CIMC Management and Training(Shenzhen)	48,102	49,843	(1,741)	48,102	100.00%	100.00%	-	-	-	-
DLZH	111,083	115,103	(4,020)	111,083	100.00%	100.00%	-	-	-	-
MEA	21,703	22,488	(785)	21,703	100.00%	100.00%	-	-	-	-
SZW	3,472	3,598	(126)	3,472	100.00%	100.00%	-	-	-	-
TLC	81,548	84,499	(2,951)	81,548	100.00%	100.00%	-	-	-	-
SCIMCEL	21,717	22,503	(786)	21,717	100.00%	100.00%	-	-	-	-
Shenzhen CIMC Investment Company Limited	72,401	-	72,401	72,401	100.00%	100.00%	-	-	-	-
Finance Company	482,590	-	482,590	482,590	100.00%	100.00%	-	-	-	-
CIMC Vehicle Finance and Leasing Co., Ltd.	185,700	-	185,700	185,700	100.00%	100.00%	-	-	-	-
QDSV	26,912	-	26,912	26,912	80.00%	100.00%	四、1、(4)(ii)	-	-	-
Subtotal	3,273,573	2,575,120	698,453	3,273,573	100.00%	100.00%	-	-	-	150,687

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/received of the year
Costing method – Other long-term equity investment										
China Railway United Logistics	380,780	394,561	(13,781)	380,780	10.00%	10.00%	-	-	-	-
Beihai Yinjian	1,700	1,762	(62)	1,700	1.01%	1.01%	-	1,700	-	-
Guangdong Samsung	1,365	1,413	(48)	1,365	0.09%	0.09%	-	1,365	-	-
BOCM Schroder Stolt Fund Management	8,125	8,419	(294)	8,125	5.00%	5.00%	-	-	-	7,458
Subtotal	391,970	406,155	(14,185)	391,970			-	3,065	-	7,458
Total	3,665,543	2,981,275	684,268	3,665,543			-	3,065	-	158,145

Information for the Company's subsidiaries see note IV.

7. SHORT-TERM LOANS

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Credit loans				
- RMB	72,977	480,897	94,690	646,564

8. FINANCIAL LIABILITIES HELD FOR TRADING

	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Current:					
Derivative financial liabilities					
- Foreign exchange forward contract		84	556	-	-
Subtotal		84	556	-	-
Non-current:					
Derivative financial liabilities					
- Swap contract for interest rate	V.23.1	8,896	58,620	10,782	73,623
- Foreign exchange option contracts	V.23.2	11,871	78,226	10,486	71,601
Subtotal		20,767	136,846	21,268	145,224
Total		20,851	137,402	21,268	145,224

9. Bills payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	30,350	200,000	-	-
Total	30,350	200,000	-	-

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Group in included in the above balance of bills payable.

10. EMPLOYEE BENEFITS PAYABLE

Item	Balance at the beginning of the year USD'000	Accrued during the year USD'000	Paid during the year USD'000	Balance at the end of the year USD'000
Salaries, bonuses, and allowances	8,000	15,335	(8,335)	15,000
Senior management bonus	26,018	16,862	(1,987)	40,893
Social insurances and others	1	1,240	(1,248)	(7)
Total	34,019	33,437	(11,570)	55,886

Item	Balance at the beginning of the year RMB'000	Accrued during the year RMB'000	Paid during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Salaries, bonuses, and allowances	54,627	103,456	(56,226)	(3,000)	98,857
Senior management bonus	177,656	113,762	(13,405)	(8,538)	269,475
Social insurances and others	3	8,365	(8,420)	(5)	(57)
Total	232,286	225,583	(78,051)	(11,543)	368,275

11. TAXES PAYABLE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Income tax payable	265	1,743	27,923	190,663
Withholding individual tax	8,860	58,384	8,480	57,900
Others	(159)	(1,047)	36	251
Total	8,966	59,080	36,439	248,814

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

12. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Long-term loans due within one year				
- Credit loans	414,185	2,729,353	57,678	393,839

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2010 Original currency '000	2010 Exchange rate	2010 USD '000	2009 Original currency '000	2009 Exchange rate	2009 USD '000
Bank loans							
- RMB	3.51%~4.73%	2,000,000	6.5897	303,504	42,000	6.8282	6,151
- USD	LIBOR+90BP	100,000	1.0000	100,000	40,000	1.0000	40,000
- EUR	EURIBOR+65BP	8,000	0.7490	10,681	8,000	0.6940	11,527
				414,185			57,678

As at 31 December 2010, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year (2009: Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

12. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(a) As at 31 December 2010, the top four long-term loans due within one year is as follows:

Lender	Initial date	Maturity date	Currency	Interest rate (%)	2010		2009	
					Original currency	USD	Original currency	USD
					’000	’000	’000	’000
1. The Export-Import Bank of China	23 June 2008	23 June 2011	RMB	4.73%	1,400,000	212,453	42,000	6,151
2. China Development Bank	12 December 2007	21 December 2010	USD	Six-month LIBOR+90BP	100,000	100,000	40,000	40,000
3. The Export-Import Bank of China	23 May 2008	23 May 2010	RMB	4.01%	600,000	91,051	-	-
4.The Export-Import Bank of China	18 June 2007	18 December 2011	EUR	EURIBOR+65BP	8,000	10,681	8,000	11,527
Total						414,185		57,678

(b) As at 31 December 2010, there was no overdue loan of non-current liabilities due within one year(2009:Nil).

13. LONG-TERM LOANS

(1) Long-term loans by categories:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank loans				
- Credit loans	375,340	2,473,381	743,787	5,078,728

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	2010			2009		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	3.51%~4.23%	-	6.5897	-	1,410,000	6.8282	206,497
- USD	LIBOR+55~185BP	370,000	1.0000	370,000	520,000	1.0000	520,000
- EUR	EURIBOR+65BP	4,000	0.7490	5,340	12,000	0.6940	17,290
				375,340			743,787

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans (2009: Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

13. LONG-TERM LOANS (CONTINUED)

(3) As at 31 December 2010, the top four long-term loans (including all long-term loans) is as follows:

Borrower	Initial date	Maturity date	Currency	Interest rate (%)	2010		2009	
					Original currency	USD	Original currency	USD
					’000	’000	’000	’000
1. China Development Bank	12 December 2007	10 December 2013	USD	Six-month LIBOR+90BP	270,000	270,000	370,000	370,000
2. The Export-Import Bank of China	23 May 2008	23 May 2011	RMB	The first quarter 5.67%， renew quarterly	-	-	800,000	117,161
3. ABN-AMRO Bank	26 May 2010	21 May 2012	USD	Six-month LIBOR+185BP	50,000	50,000	-	
4. Bank of China	19 October 2009	19 October 2012	USD	Three-month LIBOR+55BP	50,000	50,000	50,000	50,000
5.The Export-Import Bank of China	18 June 2007	18 June 2012	EUR	Six-month EURIBOR+65BP	4,000	5,340	12,000	17,291
Total	——	——	——	——	——	375,340	——	554,452

As at 31 December 2010, there was no renewal of past due long-term bank loans which was include in the above long-term loans (2009:Nil).

14. DEFERRED TAX ASSETS AND LIABILITIES

(1) Deferred tax assets and liabilities after offsetting

USD'000

Item	Deductible/(taxable) temporary difference 2010	Deferred tax assets/(liabilities) 2010	Deductible/(taxable) temporary difference 2009	Deferred tax assets/(liabilities) 2009
Deferred tax assets:				
Employee benefits payable	55,886	13,971	34,019	7,484
Movement for fair value of financial assets held for trading/derivative financial instruments	20,851	5,004	21,268	4,679
Subtotal	76,737	18,975	55,287	12,163
Offsetting amount	(76,737)	(18,975)	(55,287)	(12,163)
Net amount after offsetting	-	-	-	-
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial instruments	(6,797)	(1,423)	-	-
Movement for fair value of available-for-sale financial assets charged to equity	(105,478)	(25,184)	(145,906)	(32,099)
Subtotal	(112,275)	(26,607)	(145,906)	(32,099)
Offsetting amount	76,737	18,975	55,287	12,163
Net amount after offsetting	(35,538)	(7,632)	(90,619)	(19,936)

14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(1) Deferred tax assets and liabilities after offsetting (continued)

RMB'000

Item	Deductible/(taxable) temporary difference 2010	Deferred tax assets/(liabilities) 2010	Deductible/(taxable) temporary difference 2009	Deferred tax assets/(liabilities) 2009
Deferred tax assets:				
Employee benefits payable	368,275	92,069	232,286	51,352
Movement for fair value of financial assets held for trading/derivative financial instruments	137,402	32,977	145,224	32,200
Subtotal	505,677	125,046	377,510	83,552
Offsetting amount	(505,677)	(125,046)	(377,510)	(83,522)
Net amount after offsetting	-	-	-	-
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial instruments	(45,854)	(9,383)	-	-
Movement for fair value of available-for-sale financial assets charged to equity	(723,531)	(165,954)	(996,278)	(219,680)
Subtotal	(769,385)	(175,337)	(996,278)	(219,680)
Offsetting amount	505,677	125,046	377,510	83,552
Net amount after offsetting	(263,708)	(50,291)	(618,768)	(136,128)

As at 31 December 2010, there was no unrecognised deferred tax liabilities for the Company.

15. CAPITAL RESERVE

	Note	Balance at the beginning of the year USD'000	Additions during the year USD'000	Settlements during the year USD'000	Balance at the end of the year USD'000
Share premiums		21,245	-	-	21,245
Other capital reserves					
- Property revaluation reserve		6,640	-	-	6,640
- Exchange reserve on foreign currency capital		104	-	-	104
- Donated non-cash assets reserve		13	-	-	13
- Net changes in fair value of available-for-sale financial assets		145,906	-	(40,428)	105,478
- Deferred tax effect		(32,099)	-	6,915	(25,184)
-Amount of share-based payments charged to equity		-	3,866	-	3,866
		141,809	3,866	(33,513)	112,162

	Note	Balance at the beginning of the year RMB'000	Additions during the year RMB'000	Settlements during the year RMB'000	Balance at the end of the year RMB'000
Share premiums		212,656	-	-	212,656
Other capital reserves					
- Property revaluation reserve		54,979	-	-	54,979
- Exchange reserve on foreign currency capital		861	-	-	861
- Donated non-cash assets reserve		108	-	-	108
- Net changes in fair value of available-for-sale financial assets		996,278	-	(272,747)	723,531
- Deferred tax effect		(219,680)	-	53,726	(165,954)
-Amount of share-based payments charged to equity		-	26,083	-	26,083
		1,045,202	26,083	(219,021)	852,264

16. GAINS FROM CHANGES IN FAIR VALUE

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
- Changes in fair value during the year	7,930	53,501	-	-
Including: Gains / losses from changes in fair value of derivative financial instrument	-	-	-	-
- Transfer to investment losses for derecognition of financial assets held for trading	(1,133)	(7,647)	-	-
Financial liabilities held for trading				
- Changes in fair value during the year	417	2,814	8,787	60,020
Including: Gains / losses from changes in fair value of derivative financial instrument	417	2,814	8,787	60,020
Total	7,214	48,668	8,787	60,020

17. INVESTMENT INCOME

(1) The analysis of the Company's investment income is as follows:

	note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	23,441	158,145	36,924	252,207
Losses on disposal of long-term equity investment		(249)	(1,680)	(2,184)	(14,917)
Investment gains on available-for-sale financial assets		2,735	18,452	202	1,381
Investment losses on sale of held-for-trading financial assets		(1,133)	(7,647)	-	-
Gains on sale of available-for-sale financial assets		1,649	11,126	213,363	1,457,378
Total		26,443	178,396	248,305	1,696,049

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
SCRC	12,762	86,098	15,877	108,451	Dividend distributed in 2010 is less than that in 2009
XHCIMCS	5,700	38,455	13,416	91,637	Dividend distributed in 2010 is less than that in 2008
QDCSR	2,194	14,804	659	4,503	Dividend distributed in 2010 is more than that in 2009
BOCM Schroder Stolt Fund Management	1,105	7,458	732	4,999	Dividend distributed in 2010 is more than that in 2009
TJCIMCLE	949	6,401	2,198	15,016	Dividend distributed in 2010 is less than that in 2009
Total	22,710	153,216	35,270	240,915	—

Note 1: There was no significant restriction on the remittance of investment income to the investor

18. INCOME TAX

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	-	-	37,528	256,884
Deferred taxation	(5,389)	(36,359)	920	5,732
Total	(5,389)	(36,359)	38,448	262,616

Reconciliation between income tax expenses and accounting profits is as follows:

Item	The Company			
	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	(10,355)	(69,855)	224,030	1,530,236
Expected income tax expenses at applicable tax rates	(2,278)	(15,368)	44,806	306,048
Tax effect of non-deductible expenses	364	2,458	3,204	21,877
Tax effect of tax losses of unrecognised deferred tax assets	4,449	30,012	-	-
Effect of tax rate change on deferred tax	(2,164)	(14,609)	(1,106)	(7,553)
Tax effect of non-taxable income	(5,760)	(38,852)	(8,456)	(57,756)
Income tax expenses	(5,389)	(36,359)	38,448	262,616

19. Other comprehensive income / (losses)

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. (losses) / Gain on available-for-sale financial assts	(38,779)	(261,621)	203,667	1,391,831
Less: Effect of income tax arising from available-for-sale financial assets	(6,915)	(53,726)	981	7,315
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	1,649	11,126	213,363	1,457,378
2. Effect of foreign exchange rate changes	-	(267,693)	-	3,592
Total	(33,513)	(486,714)	(10,667)	(69,270)

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

20. INFORMATION TO CHAS FLOW STATEMENT

(1) Supplement to cash flow statement:

Supplement	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. Reconciliation of net profit to cash flow from operating activities:				
Net profit	(4,966)	(33,497)	185,582	1,267,620
Add: Depreciation of fixed assets	1,772	11,953	1,609	10,990
Amortisation of intangible assets	147	992	302	2,063
Amortisation of long-term deferred expenses	379	2,557	441	3,012
(Gains) / losses on disposal of fixed assets	(2,811)	(18,962)	73	500
Gains on changes in fair value	(7,214)	(48,668)	(8,787)	(60,020)
Financial income	(8,785)	(59,260)	(5,964)	(40,737)
Investment gains	(26,443)	(178,396)	(248,305)	(1,696,049)
Expenses recognized by share-based payments	3,866	26,083	-	-
(Increase) / decrease in deferred tax assets	(6,812)	(45,958)	920	5,732
Increase in deferred tax liabilities	1,423	9,599	-	-
Increase in operating receivables	104,304	703,590	(47,806)	(326,539)
Increase in operating payables	21,683	146,244	13,895	94,910
Effect of foreign exchange rate changes	-	31	-	554
Net cash outflows from operating activities	76,543	516,308	(108,040)	(737,964)
2. Net movement in cash and cash equivalents:				
Closing balance of cash and cash equivalents	63,350	417,461	20,164	137,680
Less: Opening balance of cash and cash equivalents	20,164	137,680	63,031	430,150
Net decrease of cash and cash equivalents	43,186	279,781	(42,867)	(292,470)

20. INFORMATION TO CHAS FLOW STATEMENT (CONTINUED)

(2) Cash and cash equivalents held by the Group is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1 Cash at bank and on hand				
Including: Bank deposits available on demand	52,162	343,735	19,924	136,045
Other monetary funds available on demand	11,188	73,726	240	1,635
2 Closing balance of cash and cash equivalents	63,350	417,461	20,164	137,680

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

SUPPLEMENTARY INFORMATION

1. EXTRAORDINARY GAIN AND LOSS IN 2010

Item			
	USD'(	RMB'(	Note
Disposal of non-current assets	(24,421)	(164,757)	
Government grants charge to profit and loss (excluded government grants closely related to business and applied to all similar businesses according to national unity or quantitative standards)	13,886	93,685	
Capital occupied interests from non-financial enterprises charged into current profit and loss	1,174	7,919	
Gains on movement of fair value of financial assets held for trading and financial liabilities; gains on disposal of financial assets held for trading, financial liabilities and available-for-sale financial assets (excluding hedge financial instruments related to ordinary business of the Group)	31,047	209,457	
The Group's interest in gains from the excess of the fair value of identifiable net assets of the acquiree over the acquisition cost	12,475	84,166	
Other non-operating income / expenses	11,731	79,139	
Effect of income tax	(9,275)	(62,571)	
Effect of minority shareholder equity (after tax)	(5,439)	(36,694)	
Total	31,178	210,344	

Note: Aforesaid extraordinary gain and loss were presented at amount before taxation.

2. Reconciliation statements of differences in financial statements prepared under different GAAPs

(1) The effect of the difference between PRC GAAP and IFRS on consolidated net profit and equity attributable to shareholders of the Group is analysed as follows:

USD'000

	Profit		Equity	
	2010	2009	2010	2009
Amounts under PRC GAAP	444,949	140,394	2,461,890	2,079,349
Adjustments under IFRS GAAP:				
Others	832	833	(600)	(734)
Amounts under IFRS GAAP	445,781	141,227	2,461,290	2,078,615

RMB'000

	Profit		Equity	
	2010	2009	2010	2009
Amounts under PRC GAAP	3,001,851	958,967	16,223,057	14,198,208
Adjustments under IFRS GAAP:				
Others	5,612	5,682	(3,950)	(5,010)
Amounts under IFRS GAAP	3,007,463	964,649	16,219,107	14,193,198

Adjustments include current year depreciation and amortisation of fixed assets and intangible assets revaluated in previous years.

3. EARNINGS PER SHARE AND RETURN ON NET ASSETS

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 Group is listed as follows:

’000

Profit	Weighted average return on net assets (%)	Earnings per share			
		Basic earnings per share		Diluted earnings per share	
		USD’000	RMB’000	USD’000	RMB’000
Profit attributable to ordinary equity shareholders	20%	0.17	1.13	0.17	1.13
Profit attributable to ordinary equity shareholders net of extraordinary gain and loss	18%	0.16	1.05	0.16	1.05

Section 12. Content of Documents Available for Reference

I. The text of annual report 2009 with signature of Chairman of the Board.
II. Accounting statements carrying signatures and seal of Legal Representative, Chief Officer in charge of accounting and person in charge of accounting firms (Chief Accountant).
III. Original of the Audit Report carrying official seal of accounting firm, signatures and seals of certified public accountants.
IV. Originals of documents and announcements disclosed on the newspaper designated by China Securities Regulatory Commission during the reporting period.
V. Full text of Articles of Association;