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中國國際海運集裝箱（集團）股份有限公司

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

The Board of Directors (the " ") of China International Marine Containers (Group) Co., Ltd. (the " "), the Supervisory Committee and the directors, supervisors and senior management of the Company warrant that there are no material omissions from, or misrepresentation or misleading statements contained in this results announcement for the year ended 31 December 2016 (the " "), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary of the annual report for the year ended 31 December 2016 (the" ").

The Announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com). The Announcement is a summary of the 2016 Annual Report and the full version of the 2016 Annual Report will be posted on the above websites in due course.

The 2016 Annual Report and the Announcement have been approved at the first meeting of the 8th session of the Board in 2017 (the " "). All directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2016 Annual Report and the Announcement.

The financial statements of the Company and its subsidiaries (the " ") have been prepared in accordance with China Accounting Standards for Business Enterprises (" "). The financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP (" "), who has issued an audit report with unqualified opinions on the financial statements. The figures in respect

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

Currently, the Group ranks No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers, and also, the Group is China's largest manufacturer of road transportation vehicles and one of the leading high-end offshore engineering equipment enterprises in China.

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

	Secretary to the Board, Company Secretary	Representative of Securities Affairs	Assistant Company Secretary
Telephone:	(86 755) 2669 1130	(86 755) 2680 2706	(852) 2232 7318
Facsimile:	(86 755) 2682 6579	(86 755) 2682 6579	(852) 2805 1835
Email:	shareholder@cimc.com	shareholder@cimc.com	shareholder@cimc.com

Contact Address in China:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
Contact Address in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

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

√Yes ☐No

As considered and approved by the Board and the Supervisory Committee of the Company on 29 December 2016, the measurement of investment properties of the Company was changed from the cost measurement mode to the fair value measurement mode, and retrospective adjustments have been made on the items such as investment properties and other comprehensive income in the financial report for 2015.

Unit: RMB thousand

	2015		Changes from previous year to this year after the adjustment	2014	
	Before the adjustment	After the adjustment	(%)	Before the adjustment	After the adjustment
Revenue	58,685,804	58,685,804	(12.91%)	70,070,855	70,070,855
Net profit attributable to shareholders and other equity holders of the Company	1,974,005	2,026,613	(73.37%)	2,477,802	2,477,802
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	1,721,222	1,751,645	(70.80%)	2,142,682	2,142,682
Net cash flows from operating activities	(3,610,223)	(3,610,223)	164.86%	6,434,477	6,434,477
Basic earnings per share (RMB/share)	0.72	0.74	(81.08%)	0.93	0.93
Diluted earnings per share (RMB/share)	0.71	0.73	(80.82%)	0.92	0.92
Weighted average return on net assets (%)	8%	8%	(6%)	12%	12%

	As at the end of 2015		Changes from the end of previous year to the end of this year after the adjustment	As at the end of 2014	
	Before the adjustment	After the adjustment	(%)	Before the adjustment	After the adjustment
Total assets	106,763,171	107,057,065	16.40%	87,776,181	87,966,564
Net assets attributable to shareholders and other equity holders of the Company	28,541,319	28,687,635	2.09%	22,290,314	22,380,369

Unit: RMB thousand

	2015 (Restated)	Changes from the previous year to this year (%)	2014	2013	2012
Revenue	58,685,804	(12.91%)	70,070,855	57,874,411	54,334,057
Operating profit	3,039,854	(73.67%)	3,297,874	3,370,835	2,639,441
Profit before income tax expense	3,302,470	(48.46%)	3,570,416	3,562,720	2,907,380
Income tax expense	951,825	1.60%	536,488	928,222	976,950
Profit for the year	2,350,645	(68.73%)	3,033,928	2,634,498	1,930,430
Including:					
Net profit attributable to shareholders and other equity holders of the Company	2,026,613	(73.37%)	2,477,802	2,180,321	1,939,081
Profit or loss attributable to minority shareholders	324,032	(39.72%)	556,126	454,177	(8,651)
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	1,751,645	(70.80%)	2,142,682	1,343,090	1,706,490

Unit: RMB thousand

	2015 (Restated)	Changes from the previous year to this year (%)	2014 (Restated)	2013	2012
Total current assets	43,530,325	22.56%	45,172,177	41,169,668	38,346,189
Total non-current assets	63,526,740	12.18%	42,794,387	31,436,304	24,646,191
Total assets	107,057,065	16.40%	87,966,564	72,605,972	62,992,380
Total current liabilities	45,922,271	0.71%	43,340,077	32,576,349	25,540,032
Total non-current liabilities	25,413,879	54.37%	17,202,785	15,533,495	15,335,191
Total liabilities	71,336,150	19.83%	60,542,862	48,109,844	40,875,223
Equity attributable to shareholders and other equity holders of the Company	28,687,635	2.09%	22,380,369	20,674,037	19,513,176
Minority interests	7,033,280	40.03%	5,043,333	3,822,091	2,603,981
Total equity attributable to shareholders	35,720,915	9.56%	27,423,702	24,496,128	22,117,157

Unit: RMB thousand

	2015	Changes from the previous year to this year (%)	2014	2013	2012
Net cash flows from operating activities	(3,610,223)	164.86%	6,434,477	2,749,926	2,242,919
Net cash flows from investing activities	(12,584,781)	45.53%	(11,553,782)	(6,504,459)	(1,559,348)
Net cash flows from financing activities	16,505,663	(54.49%)	3,940,986	3,632,937	(2,889,667)

	2015 (Restated)	Changes from the previous year to this year (%)	2014	2013	2012
Basic earnings per share attributable to shareholders of the Company (RMB/share)	0.74	(81.08%)	0.93	0.82	0.73
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	0.73	(80.82%)	0.92	0.81	0.73
Net cash flows from operating activities per share (RMB)	(1.21)	165.29%	2.41	1.03	0.84
Weighted average return on net assets after deducting non-recurring profit or loss (%)	7%	(6%)	10%	7%	9%

	As at 31 December 2015 (Restated)	Changes from the previous year to this year (%)	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Net assets per share attributable to shareholders and other equity holders of the Company (RMB/share) (Total shares based on ordinary shares outstanding at the end of the year)	9.63	2.08%	8.34	7.77	7.33
Weighted average return on net assets (%)	8%	(6%)	12%	11%	10%

Unit: RMB thousand

	2015 (Restated)	2014
Gains/(loss) on disposal of non-current assets	(17,588)	(33,210)
Government grants recognised in profit or loss for the current period	298,893	294,996
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date to recognise investment gains or loss	–	41,863
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	122,659	(127,662)
Net gains/(loss) from disposal of long-term equity investments	3,333	(8,278)
Reversal accounts receivable provided for bad debts on an individual basis	12,461	80,784
Other non-operating income and expenses other than the above items	(18,689)	10,756
Other profit/loss items defined as non-recurring profit/loss items	18,330	155,860
Effect of income tax	(101,996)	(38,082)
Effect of minority interests (after tax)	(42,435)	(41,907)
	274,968	335,120

As at 31 December 2016, the Company had totally 2,978,576,986 shares in issue, including 1,262,000,377 A shares and 1,716,576,609 H shares.

The total number of shareholders of the Company as at 31 December 2016 was 77,211, including 77,199 holders of A shares and 12 registered holders of H shares. The minimum public float of the Company satisfied the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “ ”). The total number of shareholders of the Company as at 28 February 2017, being the end of the month preceding the Announcement, was 66,150, including 66,137 holders of A shares and 13 registered holders of H shares.

HKSCC Nominees Limited *(Note 1)*	Foreign legal person	55.44%	1,651,313,071	220,988,862	0	1,651,313,071
COSCO Container Industries Limited *(Note 2)*	Foreign legal person	16.69%	497,271,481	0	0	497,271,481
China Securities Finance Corporation Limited	State-owned legal person	2.91%	86,667,067	6,252,348	0	86,667,067
Central Huijin Asset Management Ltd.	State-owned legal person	1.28%	37,993,800	0	0	37,993,800
ICBC Credit Suisse Fund - Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	0	9,566,600
Explanation on the relationship or concerted action of the above Shareholders		Unknown				

Note 1: *As at 31 December 2016, HKSCC Nominees Limited was the registered holder of the 1,651,313,071 H shares, including (but not limited to) 730,557,217 H shares of the Company held by China Merchants Group Limited ("**China Merchants Group**") through its subsidiaries, 25,322,106 H shares of the Company held by China COSCO Shipping Corporation Limited ("**China COSCO Shipping**") through its subsidiary Long Honour Investments Limited ("**Long Honour**"), 155,420,437 H shares of the Company held by COSCO Container Industries Limited, and 215,203,846 H shares of the Company held by Hony Capital Management Limited through its subsidiary Broad Ride Limited.*

Note 2: *As at 31 December 2016, COSCO Container Industries Limited still held 432,171,843 A shares and 65,099,638 H shares which had not been deposited with HKSCC Nominees Limited.*

So far as the directors are aware, as at 31 December 2016, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

China Merchants Group[1]	H shares	730,557,217 (L)	Interest of corporation controlled by the substantial shareholder	42.56%	24.53%
China COSCO Shipping[2]	A shares	432,171,843(L)	Interest of corporation controlled by the substantial shareholder	34.24%	14.51%
	H shares	245,842,181(L)	Interest of corporation controlled by the substantial shareholder	14.32%	8.25%
Hony Group Management Limited[3]	H shares	358,251,896 (L)	Interest of corporation controlled by the substantial shareholder	20.87%	12.03%
Broad Ride Limited[3]	H shares	215,203,846 (L)	Beneficial holder	12.54%	7.23%
	H shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.80%
Promotor Holdings Limited	H shares	143,048,050 (L)	Beneficial holder	8.33%	4.80%

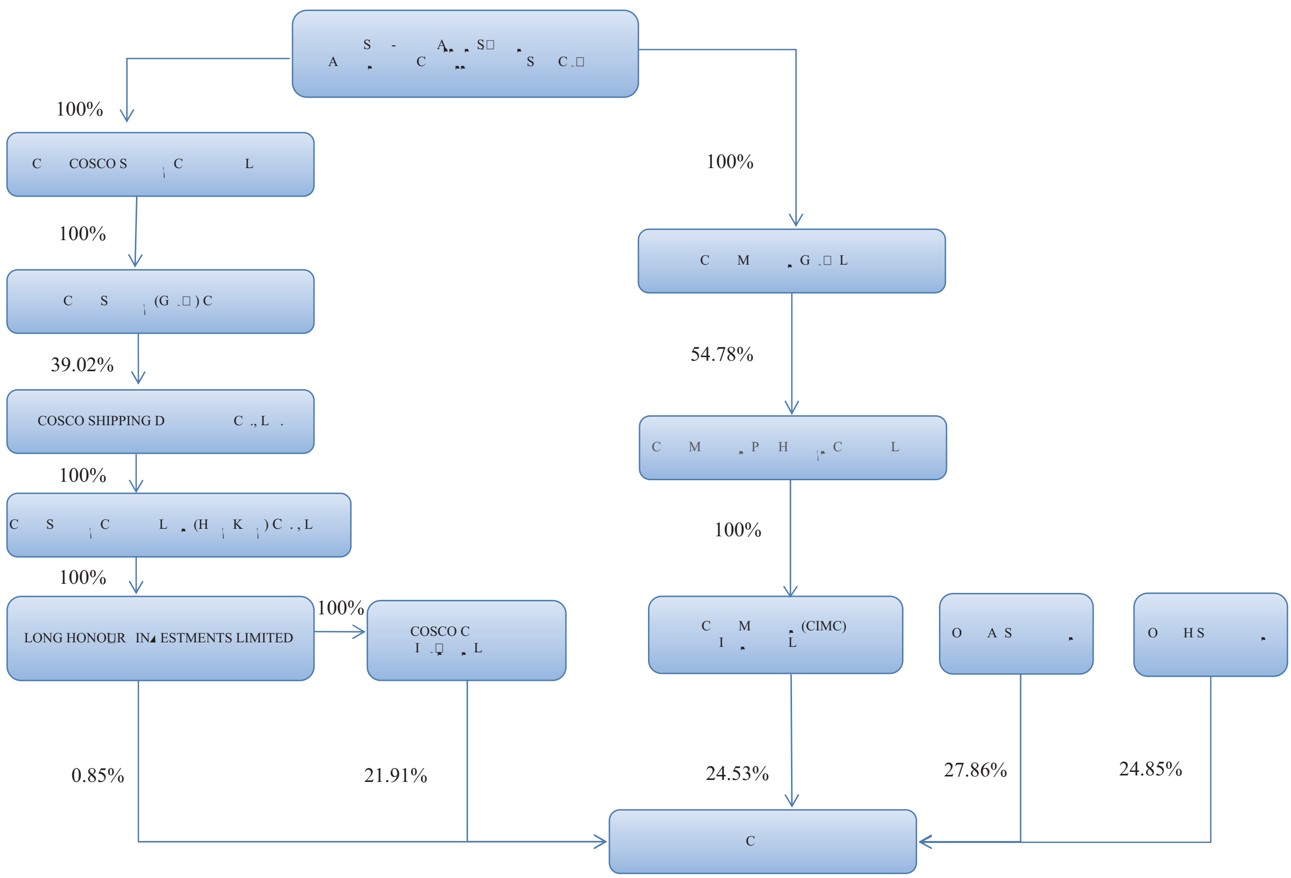
(L) Long position

Note 1: China Merchants Group, through its subsidiary (including China Merchants Port Holdings Company Limited and China Merchants (CIMC) Investment Limited etc.), had an interest in the H shares of the Company, and all the 730,557,217 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

*Note 2: China COSCO Shipping, through its subsidiaries (including China Shipping (Group) Company ("**China Shipping**"), COSCO SHIPPING Development Co., Ltd. ("**COSCO SHIPPING Development**"), Long Honour and COSCO Container Industries Limited etc.), had an interest in the A Shares and H Shares of the Company, and 432,171,843 A Shares and 245,842,181 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder.*

Note 3: Hony Capital Management Limited, through subsidiaries including Broad Ride Limited, had an interest in the H shares of the Company, and 215,203,846 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder and 143,048,050 H Shares were held in the capacity as person having security interest in shares.

Save as disclosed above and so far as the directors are aware, as at 31 December 2016, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.



In 2016, the global economic situation was complicated and the financial market remained volatile. In the first half, the weak global economy in 2015 continued in 2016, with the international trade and investment remaining in the doldrums. Starting from the second half, with the improvement on economic activities in the U.S., the prices of crude oil and commodities rebounded. The U.S. dollars entered into the rate increase cycle. The economy in the Eurozone basically held stable. The economic growth of Japan improved somewhat. However, affected by the weak external demand, U.S. dollars appreciation and other factors, the emerging markets and developing economies saw their economic growth slow down. In 2016, China's economic growth, under the "new normal", continued to slow down and the downward pressure on the traditional manufacturing industry

During the Reporting Period, the Group’s revenue amounted to RMB51.112 billion (2015: RMB58.686 billion), representing a year-on-year decrease of 12.91%, and its net profit attributable to shareholders and other equity holders of the Company amounted to RMB540 million (2015 : RMB2.027 billion (restated)), representing a year-on-year decrease of 73.37%. Its basic earnings per share was RMB0.14 (2015: RMB0.74 (restated)), representing a year-on-year decrease of 81.08%. Among the Group’s principal businesses, affected by market downturn, the revenue of container business and offshore engineering business slumped sharply; the road vehicle business, airport facilities equipment business and financial business achieved relatively fast growth in their revenues; the energy, chemical and liquid food equipment business remained basically stable, but recorded substantial losses in its profit due to the significant provision provided for the termination of the acquisition of SinoPacific Offshore & Engineering Co., Ltd. (“ ”); the logistics service business remained basically stable; improvement on the heavy truck business continued; and revenues from the real estate business declined due to the areas available for sales decreased during the Reporting Period.

The financial data set out below is extracted from the audited financial statements of the Group prepared under CASBE. The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and their accompanying notes as set out elsewhere in the Announcement.

Consolidated Operating Results

Unit: RMB thousand

	2015 (Restated)	Percentage change (%)
Revenue	58,685,804	(12.91%)
Operating profit	3,039,854	(73.67%)
Net profit attributable to shareholders and other equity holders of the Company	2,026,613	(73.37%)
Net cash flows from operating activities	(3,610,223)	164.86%
Net increase in cash and cash equivalents	323,872	850.85%

In 2016, the global economic growth was diversified. The demand for semi-trailers remained high in the North American market. The European market has started to revive since 2013, and due to the effect of the Brexit on transnational trade and investment, the European market was gradually going regionalisation. Performance of the commodity market in emerging markets varied under the influence of the global economic weakness. Driven by the implementation of the new national policy of GB1589 in relation to the limits of dimensions, axle load and masses for road vehicles and the joint campaign of the Ministry of Public Security and the Traffic Management Bureau against overloading of road freight vehicles, China's semi-trailer market shortened its product replacement cycle to speed up the transformation of domestic logistics semi-trailers towards lightweight, which efficiently eased the pressure of demand decline in the short term.

During the Reporting Period, the Group's road transportation vehicle business realised an all-round growth. During the year, the total sales were 123,100 units (sets) (2015: 113,900 units (sets)), representing a year-on-year increase of 8.08%. The sales revenue was RMB14.695 billion (2015: RMB12.862 billion), representing a year-on-year increase of 14.25%. The net profit was RMB767 million (2015: RMB572 million), representing a year-on-year increase of 33.97%.

During the Reporting Period, the growth of the road transportation vehicle business of the Group in North America, Europe and China was outstanding, while the emerging markets, affected by factors such as global commodity prices and exchange rates, recorded a business decline. The road transportation vehicle business of CIMC Vehicle (Group) Co., Ltd. made targeted deployments according to the trend of changes of its major markets and continued to promote the global operation management steadily. While strengthening its existing business, it focused on exploring the incremental business and the innovation business and making investments in terms of technological upgrading and marketing network construction.

In respect of the domestic market: the Group fully stimulated the enterprise vitality, grasped the hotspots and opportunities in market segments in time and enlarged marketing strength and scope. Affected by the implementation of the amendment to GB1589 and the state's strict governance against overloading, the logistics semi-trailers of the Group achieved a considerable year-on-year growth in terms of sales volume in 2016, among which, the sales volume of tank trucks increased by nearly 90% as compared with the same period of 2015.

In respect of overseas markets: (1) in the North American market, the Group capitalised on the market opportunities arising from the U.S. economic recovery, and successfully put the CIMC Vanguard Ⅱ factory into production, increasing the annual production capacity by nearly 10,000 units, as a result, net profit recorded a significant growth in the North American market in 2016; (2) in the European market, the Group fully played the role of global operation system. The Group finished the acquisition of 100% equity of Retlan Manufacturing Ltd., a leader in Britain trailer market, and the Group officially put its factory in Poland into operation. It will keep on deploying on an ongoing basis to enhance the growth momentum in the future; (3) in the emerging markets, under the influence of the volatile commodity market and political condition in the global economy, the business saw a decline in 2016. In the future, the emphasis will be put on the operation of overseas presence of emerging markets and the global exploration for business cooperation opportunities with new partners, in an effort to develop diversified marketing channels and provide the market with high-quality CIMC Vehicle products and services, laying a foundation for market recovery.

During the Reporting Period, the advanced components and parts manufacturing base, a factory under the "lighthouse" project of CIMC Vehicle (Group) Co., Ltd. in Dongguan, Guangdong province, was put into production smoothly, which comprehensively accelerated business process optimisation and numeral-oriented upgrade, and put emphasis on materialisation of the lightweight, safe and environmental protection product concepts.

Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South Americas; and from its production base in Europe, its liquid food equipment products and services are offered worldwide. CIMC Enric has established a business landscape featuring "the world's local CIMC (地方智慧，全球運營)" based on its production bases located in China and Europe.

In 2016, as the oil price in the international market began to rise after it reached the bottom, and using natural gas as an alternative fuel to replace oil regained its attraction, the scale of coastal exported nature gas was expanded and market demand for natural gas storage and transportation equipment gradually increased. However, the impact caused by the sluggish market in the first half of year was not set off by the increase in the demand in the second half of year. Meanwhile, the average price of some natural gas equipment and chemical equipment (including standard tank 25(ant mial theimisation and numeral-orie[)19.9(usine(stoipeleighmin0.025ggish ne.175 67 TDt Tw T*de7 Tw 0 -1

During the Reporting Period, the energy equipment segment of CIMC Enric was committed to increasing its market share of the core products in the PRC and further improving the production efficiency through production technique improvement, continuous development and improvement of products and procurement control. Meanwhile, such segment proactively explored new businesses and conducted several successful R&D projects during the year, such as CNG transport ships and the supporting mother-daughter stations, which was the first in the world, composite plate spherical tanks, small- and medium-sized natural gas liquefaction skid-mount devices, full containment tank for low-temperature concrete, nuclear fuel transportation and R&D of key system equipment, of which some new products have been launched to market. Besides, the segment was also committed to constant product innovation and overseas market deployment.

The chemical equipment segment was committed to the provision of chemical logistics solution, with a view to providing one-stop services for industrial gas and liquid chemical industrial gas consumers, and the R&D of different types of tank containers. During the year, the segment conducted various R&D projects. For example, it successfully developed the new internationalised high-performance 40-foot LNG tank containers and the internationally universal low-temperature 20-foot tank containers, conducted R&D in relation to the pilot project of LNG tank container-based sea and land intermodal transportation and developed the safety standard system for LNG tank container waterway transportation. Besides, the segment was also committed to the R&D of tank container-based internet-of-things technologies, with a view to providing relevant monitoring and management platforms and integrated solutions with one-stop services for the industry chain of chemical logistics.

In respect of the liquid food equipment business segment, during the year, CIMC Enric completed the acquisition of the entire equity interests in Briggs Group Limited (“ ”). Briggs has operations in the United Kingdom and the United States and is primarily engaged in engineering, process engineering and sale of equipment and process control systems in the brewing, beverage, distilling food, pharmaceuticals, health and beauty and bio-fuel industries, as well as project management and consulting services. The business of Briggs was complementary to the existing business of CIMC Enric’s liquid food equipment segment, which improved the processing capacity of CIMC Enric in relation to a number of brewing, pharmaceuticals and distilling process and design technologies. Since then, the liquid food equipment business of CIMC Enric has owned two main brands that are “Ziemann Holvrieka” and “Briggs” and high-level beer production equipment and technical capacity, and has been able to provide engineering services and systemic solutions to the liquid food industry. This segment will continue to introduce advanced production technologies and automated processing technologies from Europe to China and with the high-level beer production equipment, technologies and technical capacity, develop toward vertically integrated EPC contracting and horizontal diversification.

On 1 June 2016, CIMC Enric announced that it terminated the acquisition of 100% equity interest in SOE and the provision of financial assistance to SOE due to the breach of certain material terms set out in the relevant agreements by SOEG PTE LTD, Jiangsu Pacific Shipbuilding Group Co., Ltd. and Evergreen Group Co., Ltd. (the “ ”), and requested the Vendors to refund the prepaid consideration of RMB178,634,000 and SOE to return the loan of RMB482,052,000 and the guarantee of bank loan of RMB1,000,000,000. Currently, SOE is in the process of bankruptcy and reorganisation. Based on the negotiation with the Vendors and the knowledge on the financial positions of the Vendors and SOE and after a comprehensive and careful assessment on the impairment risks and collectability of the amount receivables, CIMC Enric made impairment provision of RMB1,362,915,000 in total for the amounts due from the Vendors and SOE in 2016. Such impairment provision was also included into the consolidated financial report of the Company for 2016. The above termination and provision will not affect the normal business operation of CIMC Enric and the Group. The Company will pay close attention to the progress of such matters and adopt appropriate measures to protect the legal interests of the Company and its shareholders.

Offshore Engineering Business

CIMC Raffles, a subsidiary of the Group, is an offshore engineering enterprise whose integrated operation model integrating design, procurement, manufacture, construction, commission and operation, possessing the capability of mass and industrialised construction of high-end offshore engineering equipment and other special vessels as a contractor. It is also one of the leading contractors of high-end offshore engineering equipment in China and has been participating in the competition of the international market of offshore engineering business all the time. Its major businesses include the design and construction of semi-submersible drilling platforms, semi-submersible accommodation platforms, jack-up drilling platforms, jack-up accommodation platforms, gas compression jack-up units, Liftboat, floating production storage vessels, crane vessels, pipe-laying vessels, OSV, ocean tugs, mid-to-high-end yachts and other vessels with its products covering a majority of offshore engineering products.

In 2016, the price of the international crude oil bounced back gradually from its bottom low at the beginning of the year, and reached more than USD50/barrel at the end of the year. However, as the factors that caused the supply disruption gradually subsided, and the US dollar index resumed its uptrend, it's expected that the oil price will be remained at below USD80/barrel in the next 3-5 years. As impacted by the continuous low oil price, the investment in respect of global oil and gas exploration and development in 2016 further deceased by nearly 30% as compared to 2015. Due to the significant decline in international oil price in 2014, many oil companies have chosen budget cuts, and demand for various kinds of offshore engineering equipment has been deceasing, all of which reflecting that the global offshore engineering equipment industry has entered into a period of the most severe recession ever since more than ten year ago. Currently, the utilisation of global drilling equipment is lower than 50%; daily rentals of global drilling equipment remains at a level that just covers or is even lower than operation costs. Against this backdrop, international oilfield service companies and drilling equipment constructors suffer from losses, causing mergers and acquisitions and integration among drilling equipment companies continuously arises, also indicating that the offshore engineering equipment market has basically bottomed and the industry is seeing off its worst time.

Recently, the Chinese government has implemented a series of policies and initiatives, with an aim to facilitating the development of and the capability improvement of offshore engineering equipment manufacturing industry of China. In 2015, the "Made in China 2025"of the State Council of China designated the offshore engineering equipment industry as one of the ten areas with key development. In June 2016, under the leadership and sponsorship of NDRC, Ministry of Finance and Ministry of Industry and Information Technology, China Advanced Manufacturing Industry Investment Fund (" ") was established, focusing on investing in major projects in respect of advanced manufacturing industries, upgrade of traditional industries and deployment of industries. In January 2017, five departments including, among others, Ministry of Industry and Information Technology of China, jointly issued "Shipbuilding Industry Deepening Structural Adjustment and Accelerating Transformation and Upgrade Action Plan (2016-2020)", which further specified the key task, development target and relevant supporting measures of the offshore engineering equipment industry of China in the "13th Five Year Plan" period.

In the hard time of global offshore engineering industry, CIMC Raffles saw its revenue sharply drop and recorded a year-on-year increase in operating losses. During the Report Period, the offshore engineering business of the Group recorded a sales revenue of RMB4,306 million (2015: RMB7,957 million), representing a year-on-year decrease of 45.89%; and also, a loss of RMB213 million (2015: a loss of RMB12 million) was recorded, representing a significant year-on-year increase.

In the face of the austere market environment, CIMC Raffles focused on strategic products, proactively explored market potential and expanded new businesses. By the end of 2016, the total contract amounts of CIMC Raffles' orders in hand approached approximately USD4.0 billion and the business scope of CIMC Raffles expanded from the traditional oil and gas business to new areas including deep sea fishery, deep sea tourism and platform disassembly and modification. The newly effective orders in 2016 with contract amounts of USD600 million were not only in relation to the project lease in the South China Sea of CNPC Offshore Engineering Company Limited under the D90 Project and the platform for "HYSY 162" Project which involved the traditional oil and gas market, but also in relation to the jack-up marine ranching platform which involved the deep sea fishery market, the TML broken-up vessel which involved the platform disassembly market, the orders for the cruise named Xunxianhao and themed sightseeing cruise which involved the marine tourism market and the 5-year special inspection project contract for "HYSY 981" which involved the platform reconstruction market.

As for platform construction and delivery, the test platform for "HYSY 162" Project of CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司) commenced construction in March 2016. CIMC Raffles completed the 5-year special inspection for two semi-submersible drilling platforms of Gazprom in April. H293 jack-up drilling platform was granted with the ABS certificate of the United States in the same month. H270 GM4D 1# semi-submersible drilling platform was granted with such certificate in July, and CIMC "Blue Whale No.1 (藍鯨1號)", the most advanced ultra-deepwater dual-rig semi-submersible drilling platform in the world, was certified by Det Norske Veritas in December. In addition, other projects under construction were also carried out on schedule in an orderly way, with major platforms under construction expected to be completed or delivered in 2017.

During the Reporting Period, the Group proactively cooperated with national industry fund and social industry capital to improve the capital strength and industry position of the Group's offshore engineering business though introducing external capitals. In December 2016, Future Industry Investment Fund proposed to make a capital contribution to CIMC Offshore Holdings Limited (“ ”), a subsidiary of the Group, in USD equivalent to RMB1.0 billion and obtained its 15% equity interests. The capital increase shows that as a superior enterprise in the area of offshore engineering general assembly construction, CIMC Raffles obtained national industry fund's direct support; At the end of December 2016, the Company's wholly-owned subsidiaries CIMC Offshore Engineering Co., Ltd. (中集海洋工程有限公司), CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd. (中集前海融資租賃（深圳）有限公司) (“ ”) and Tianjin Yongwang Machinery and Equipment Rental Co., Ltd. (天津永旺機械設備租賃有限公司) (“ ”) entered into a partnership agreement, a cooperation agreement and a capital increase agreement with social capital such as Shenzhen Mangrove Venture Capital Co., Ltd. (深圳紅樹林創業投資有限公司), introducing external capital to jointly build and operate a D90 1# deepwater semi-submersible drilling platform and a CR600 deepwater semi-submersible living platform, which effectively reduced the debt ratio and finance burden of the offshore engineering business of the Group.

Logistics Service Business

With the development ideas of “equipment changes logistics”, the Group's logistics service business took full advantage of the core advantage of logistics equipment, focused on four key business development directions of equipment logistics, systemic container services, cross-border logistics and multimodal transport through an established global logistics network layout, and created two core products of logistics equipment and logistics services, thus providing integrated logistics solutions with CIMC characteristics. After the integration completed in 2016, the logistics service business of the Group are currently divided into four business lines, i.e. container services, project logistics, equipment logistics and industry logistics. The Group has established CIMC Logistics Equipment and Technologies Research Institute to provide equipment research support and technical services to the development of its business lines.

In 2016, the logistics industry in China generally maintained stable with quality improved. The logistics industry was focusing on integration, and logistics enterprises actively explored the network building along the “Yangtze River Economic Belt” and the “Belt and Road”. Merger and restructuring and alliance and cooperation between enterprises were deepening, with cross-sector and platform integration emerging. Meanwhile, “Intelligent logistics” which was marked by “internet plus” efficient logistics accelerated its development, witnessed by the establishment of professional and vertical logistics platforms with the integration of online and offline services.

In 2016, the Group's logistics service business recorded sales revenue of RMB7.129 billion (2015: RMB7.800 billion), representing a year-on-year decrease of 8.60%. It achieved net profit of RMB359 million (2015: RMB101 million), representing a year-on-year increase of 255.93%. The increase in net profit during the Reporting Period was mainly due to the income from disposal of equity interests in subsidiaries.

During the year, guiding by the overall strategies of the logistics segment and the strategies of its business lines, the Group's logistics service business lines focused on development, achieving solid and steady growth.

In respect of the container services business line, during the Reporting Period, the development strategies of four major products, i.e. container full-life circle services, leasing and sales of second-hand containers, rail-water transport and sea transport platform, during the "13th Five-Year Plan" period have been established, and the network distribution of container yards in Southeast Asia and tank container yards has been speeded up. The Group has jointly established CIMC Kaitong Logistics Development Co., Ltd., a core enterprise along the Yangtze River Basin. Several special container railway lines from East China to Southwest, from South China to Southwest and from East China to Northwest were opened in succession and were operated in a normal manner, improving the rail-water transport systems based on the Yangtze River.

In respect of the project logistics business line, we proactively explored market opportunities arising from the implementation of the "Belt and Road" strategy of the state. The "engineering project logistics" and "cross-border multimodal transport" were identified as its core products. "Zhenhua Logistics (振華物流)"and "Sino-Worlink (中世運)", two industry-renowned brands, were strengthened and the project logistics business was expanded. In early 2016, World Railway Special Cargo (Beijing) International Logistics Co., Ltd. (世鐵特貨(北京)國際物流有限公司), which was jointly established by Sino-Worlink (Beijing) International Logistics Co., Ltd. (中世運(北京)國際物流有限公司), a subsidiary of the Group, and China Railway Special Cargo Services Co., Ltd., opened the "America-China-Mongolia/Russia" sea-railway transport special line, innovating distinct products in their respective niche markets by way of railway carriages and special transport vehicles + ro-ro ships. In the second half of 2016, it launched a "Yingkou-Manzhouli-Russia" cold chain transportation special railway line, applying revolutionary BX1K reefer flat car for railway transportation to meet the international cold chain transportation needs for areas along the railway.

In respect of the equipment logistics business line, under the business mode of "equipment changes logistics", we focused on automobile, food, energy, chemical, metallurgy, cold chain, real estate, grain and other industries to provide "equipment changes logistics" solutions. Originally high-quality businesses such as manufacturing of logistics equipment including pallet containers, and solutions for stainless steel IBC (applicable in the packaging of specialised chemicals) steadily developed. At the same time, we proactively promoted the development of steel logistics and fine minerals logistics and the innovative development of energy transportation business.

In respect of the industry logistics business line, we focused on industries and areas such as food, automobile, refined oil product and LNG, fostered and developed logistics value-added business, explored the multimodal transport model of logistics of automobiles before production and built the supply model of parts of automobiles integrating roads, railways and shipping etc. We also expanded the sales business scope of sales of oil products, wholesale and small delivery, boosted LNG tank transportation, followed design of the entire logistics clearing solution and continued to make innovation on the business mode of "traditional business + equipment + internet".

Heavy Truck Business

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

In 2016, driven by accumulative effects released by the policy of maintaining stable growth, consumption upgrading and the implementation of new standard GB1589 and the policy of strict control of overload in China during the economic restructuring carried out by China in the "New Normal", the domestic heavy truck industry recovered; road transportation products such as high-horsepower tractor and coal, hazardous chemical, express delivery and transportation, cold chain and artery segment markets achieved fast growth; and demands for engineering vehicles such as muck trucks and sandstone transportation vehicles declining drastically for the past two years also recovered.

In 2016, C&C Trucks solidly promoted all tasks through constantly adjusting its management thoughts. A total of 5,108 N3 heavy trucks (12 tonnes and above) were manufactured, representing a year-on-year increase of 22%, with actually accumulative sales of 6,028, representing a year-on-year increase of 82%. During the Reporting Period, C&C Trucks recorded sales revenue of RMB1,726 million (2015: RMB856 million), representing a year-on-year increase of 101.50%, and its operation recorded a decrease in the loss.

In respect of the domestic market, in 2016, C&C Trucks adjusted and optimised its products continually according to the "market-oriented" concept. It focused on market demand and main products in the region, and introduced marketable products such as high-horsepower tractor, hazardous chemical transportation vehicles and urban muck trucks. Product quality and modular design ability were improved and the percentage of common parts and components was increased. It spared no effort to carry out lightweight work in which the market was interested and strived to create products with high performance-price ratio through promoting cost reduction by commerce and technology. The vehicles delivery capacity was comprehensively enhanced. As for the production system, C&C Trucks integrated its logistics resources, optimised production processes and enhanced the efficiency in all aspects, and at the same time, its production model was changed to a flexible work system, enabling the flexible production arrangements according to market conditions and the distribution mechanism was improved, which greatly strengthened employees' enthusiasm. Marketing management was adjusted and optimised based on the "market-oriented" concept. As for front-line employees, C&C Trucks adjusted its management mechanism and increased the control of the persons in charge for the provinces and regions, to respond to market demands quickly. It expanded the scale of front-line sales personnel through encouraging supporting staff to join front-line employees. It encouraged that sales supporting staff should adhere to the concept of "service first, management second" and streamlined its business departments to improve service efficiency. In 2016, with products as the basis for cooperation, C&C Trucks proactively promoted collaboration business and has established cooperation with 11 enterprises in the Group's road transportation vehicle segment. C&C Trucks has participated in China Truck Racing Championship with its two tractors taking the second and fourth place in all 19 vehicles.

In respect of the international market, affected by the unstable global economic situation, and the severe impact of low oil price on major export areas such as Middle East, Africa, Southeast Asia, together with the raising export threshold of automobile due to tariff barriers and trade restrictions, China’s heavy truck export market remained sluggish in 2016. Under this challenging economic situation, C&C Trucks strengthened the cooperation with its overseas distributors and put more efforts on the sales of its products. C&C Trucks’ sales volume in overseas markets in 2016 increased by 13% as compared with the same period in 2015 with 485 vehicles exported during the year and the ranking of C&C Trucks in the exported left-hand driving heavy truck market in China rose from 15 in 2015 to 12 in 2016. Preparations were made for the knock-down export in 2017.

Airport Facilities Equipment Business

The Group primarily operates its airport facilities equipment business through its non-wholly owned subsidiaries Pteris Global Limited, Shenzhen CIMC-Tianda Airport Support Co., Ltd. (“ ”) and Albert Ziegler GmbH (“ ”). The Group also integrates and achieves synergy with its subsidiary CFSE Group over the advantages of resources, of which principal business includes boarding bridge business, stereo garage business, fire truck and rescue vehicle business, automated logistics systems and ground support equipment (GSE).

In 2016, the global demand for airport facilities equipment was basically stable and increased. During the year, the Group’s boarding bridge business won all the domestic projects it bid for; airport shuttle bus and food vehicle market grew steadily; the fire and rescue vehicle business and automated logistics system business was further expanded with net profits greatly increasing.

During the Reporting Period, the Group’s airport facilities equipment business recorded sales [illegible]

In respect of fire and rescue vehicle business: during the year, Ziegler, a subsidiary of the Group, safeguarded our ladder technologies by way of strategic cooperation and CFSE, an associated company, made breakthroughs and was certified on 30-metre ladder technologies. In 2016, Ziegler recorded growth while most of the fire vehicle companies in Europe achieved poor operating results, and in the Chinese market, CFSE and Ziegler also recorded positive growth.

In respect of the automated logistics systems business: the Group maintained its leading advantage in aviation freight stations with its brand recognition further improved. The pallet system progressed well and certain breakthroughs were made on the feed box system.

In respect of ground support equipment (GSE) business: during the Reporting Period, the Group's shuttle bus business achieved growth and optimised its connotation, with its technology advantages starting to be shown. In respect of the lifting platform vehicle business, following consolidation upon acquisition of the French enterprise Air Marrel S.A.S in 2013, it turned losses into profits and solidified the foundation for development of the engineering vehicle business.

The Group's airport facilities equipment business has experienced sales teams, and has established a standardised and organised marketing management system. At the same time, the good customer relations and market network resources of the airport field can well assist and promote the expansion of the Group's air cargo handling systems, operating vehicle businesses and fire vehicle businesses in this field.

Real Estate Development Business

The Group's real estate development business is operated mainly by its subsidiary Shenzhen CIMC Skyspace Real Estate Development Co., Ltd and its subsidiaries and CIMC Shenfa Development Co., Ltd. The main operations include the development of complex in industrial cities, development and operation of industrial parks and development of traditional real estate.

In 2016, the domestic real estate market went through from easing policies to constantly tightening policies in key cities. With the rapidly rising house prices and land prices in hot cities, the policy differentiation became more visible. On one hand, the control policies in hot cities kept tightening with the intensification of purchasing restrictions on houses and lending restrictions as well as other regulatory measures, in order to curb the speculative investments and prevent market risks. On the other hand, third-tier and fourth-tier cities still adhered to the destocking strategy for the purpose of improving market environments from both ends of the supply and demand. In terms of price, the house prices in hot cities increased remarkably and stabilised after the control measures were tightened. In terms of the supply and demand, market turnover kept running at a high level during the whole year and the deal structure showed obvious upward shift. In terms of land sales, the land market in first-tier and second-tier cities was hot and risks existed in the development of the lands with high prices.

During the Reporting Period, the Group's real estate development business recorded the areas sold of 92,000 m^2, revenue of RMB723 million (2015: RMB1,292 million), representing a year-on-year decrease of 44.03%, and net profit of RMB154 million (2015: RMB340 million), representing a year-on-year decrease of 54.74%. The decrease of sales revenue and net profit was mainly due to the decrease in the areas available for sale during the Reporting Period.

During the Reporting Period, all businesses of the Group’s real estate development achieved good progress:

In respect of the industrial city development business: the operating results were relatively stable with a good development trend overall. In terms of project expansion, during the Reporting Period, the land demolition project of Shanghai CIMC Reefer Containers achieved results in a phased manner. The municipality of Shanghai completed the land reserve. The Group will participate in the listing-for-bidding of the land toi0.2361 7helervmannect of Shfollowf thed15(aend0.039 Tw67 -1.

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB2.302 billion (2015: RMB1.792 billion), representing a year-on-year increase of 28.49%, and net profit of RMB824 million (2015: RMB774 million), representing a year-on-year increase of 6.46%.

During the Reporting Period, CIMC Finance Company remained composed when facing challenges. It thoroughly carried out the Group's strategy of integration of industry and finance and strengthened risk management and control with an emphasis on enhancing the comprehensive competitiveness of the industry of the Group by providing efficient and personalised financial services. In April 2016, CIMC Finance Company was approved by the People's Bank of China as the organising body to operate the cross-border two-way Renminbi capital pool business of CIMC. This further improved the centralised management system of the Group's global funds and supported the integration of the Group's global operation, thereby enhancing the Group's utilising efficiency of global funds. Meanwhile, CIMC Finance Company continuously improved the diversity and professionalism of the financial products. It enhanced its financial services by addressing the financial needs of different levels within the Group, reducing the transaction costs of the Group and improving business flexibility. In addition, CIMC Finance Company introduced the purchaser's credit business in 2016 which proactively provided financial services

Other Businesses

Modular Building Business

During the Reporting Period, the Group established CIMC Modular Building Investment Company (中集模塊化建築投資公司) based on the original Modular Building business. A one-stop service model of "manufacturing + finance + service" integrating industry and finance was developed based on the manufacturing and contracting service mode. As for the international market, the Group won the bid for the student apartment project of Newcastle University, the largest student apartment project in the English market in history during the year, demonstrating that the Modular Building products of the Group have been highly recognised by the main student apartment developers in England and CIMC has become a main suppler in the English student apartment market; the technical system certification of California, the U.S.A was passed, laying a solid foundation for entering the American market comprehensively. As for the domestic market, the Group successfully held the first summit forum for the international Modular Building in China and took part in the Shanghai International Building Industrialisation Exhibition and Shanghai International Exhibition of Advanced Building Technologies with its sample building, both of which showed the product and technology advantages and the leading position of the Group's Modular Building business in the industry; meanwhile, the Group promoted the preparation and development of the Box Steel Structure Integration Modular Building System Procedures (箱式鋼結構集成模塊建築體系規程) of the Group, which has passed the preliminary examination of the expert group. The procedures are expected to play an important role in leading and expanding the domestic Modular Building market upon passing the final examination in the first half of 2017.

Multimodal Transport Business

Leveraging on standardised equipment, multimodal transport provides integrated freight transportation services through the effective link-up of two or more ways of transportation. Multimodal transport is in its early stage of development in China. A number of policies were introduced by relevant ministries and commissions of China to encourage the development of multimodal transport. Under this backdrop, during the Reporting Period, the Group established CIMC Multimodal Transport Development Co., Ltd. (中集多式聯運發展有限公司) (" "). CIMC Multimodal Transport Company aims to maximise the Group's comprehensive advantages in brand, equipment, finance and services, utilise the advanced internet technologies to effectively link different modes of transport, and promote the widespread application of the Group's products in the multimodal transport industry, so as to create a domestic multimodal transport platform. During the Reporting Period, all businesses of CIMC Multimodal Transport Company commenced smoothly. In respect of the road-railway transport, CIMC Multimodal Transport Company launched special trains from Jiangmen to Xi'an and container trains from Guangzhou to Xi'an successively and bought open containers and tank containers at its own costs to carry out mass freight railway transportation and special cargo railway transportation such as food and coke. In addition, it has purchased a ship during the year to proactively conduct domestic rail-water transport business. In the future, CIMC Multimodal Transport Company will continue to improve the market share and profitability of its railway related business, strength the expansion of its existing business toward multimodal transport and explore and establish the most effective operation mode for domestic multimodal transport.

5.3.1 Macroeconomic Environment and Policies

In 2017, it is expected that the global economic activities will increase after past years of downturn, but the development environment will be even more complicated and volatile, with uncertainties increasing significantly. According to the forecast of International Monetary Fund, benefiting from the continuous economic recovery of the United States, Europe and other developed economies, it is expected that the global economic growth will moderately rebound in 2017. However, under the influence of the protectionist measures adopted by the new president of the United States Trump after he taking command, the Brexit, the political elections of the European countries, the progressively tightening global financial conditions and other factors, the global economy, international trade and financial market will be further impacted, and the economic and financial risks will be further exaggerated. Looking ahead to 2017, China will further deepen and reinforce the supply-side structural reform and maintain a "prudent and neutral" monetary policy, and the overall economy is expected to remain steady with the annual growth rate of GDP anticipated to remain at 6.5%.

5.3.2 Industry Development Trend and Market Outlook

CLARKSON (a British institution for dynamic analysis of shipbuilding and marine trade) predicted the growth of global container trade would be 3.2% in 2016. It also predicted that the growth of global container trade will rebound to 4.0% in 2017 while the oversupply of the shipping capacity will remain. It is expected that shipping companies will continue to focus on integration work following mergers and acquisitions and reorganisation, deepen coalition operation and maintain slow-sailing strategies which will facilitate the improvement and recovery of shipping industry in the future. In 2017, the globalisation may encounter ups and downs but the trend will remain unchanged. On the one hand, the relative improvement of the growth of container trade will bring new demands. On the other hand, the recovery of trade and shipping industry after reaching the lowest point will also help drive the needs of changing containers from shipping companies. Therefore, it is predicted that the demand of containers in 2017 will improve as compared with that of 2016.

in 2017, it is expected that the overall economy of the United States will be buoyant while the semi-trailer industry in the United States will begin to experience periodical downturn. The economic recovery of the Eurozone is relatively weak. The external environment faced by emerging markets is expected to improve. The downturn pressure of China's macro-economy increases and the real estate industry remain sluggish which will weaken the overall market demands of special vehicles for projects and constructions. At the same time, the implementation of policy measures, which include advancing the management of serious over speed, passenger overload as well as overload of road traffic, regulating conformity of production, the change of yellow-label vehicles to green-label vehicles, urban environmental governance and improvement of emission standards for vehicles and so on, will accelerate industrial transformation and upgrade as well as product replacement and upgrade.

the "Thirteenth Five Year" Plan on Energy Development (《能源發展「十三五」規劃》) issued by the National Energy Administration sets out the target of natural gas consumption accounting for 10% of primary energy consumption in 2020 (2015: 5.9%). The Natural Gas Development Report of China (2016) (《中國天然氣發展報告（2016年）》) jointly issued by the Oil and Gas Department of the National Energy Administration (國家能源局油氣司), Resources and Environment Policy Research Institution of Development and Research Center of the State Council (國務院發展研究中心資源與環境政策研究所) and Strategic Research Center of Oil and Gas Resources of the Ministry of Land and Resources (國土資源部油氣資源戰略研究中心), summaries a series of policies for promoting the use of natural gas. In the 2017 Government Work Report, it is first advocated to use clean energy vehicles. The energy, chemical and liquid food equipment business of the Group is positioned for more favourable policy environment, promising for sound prospects in the long run although subject to short-term periodical fluctuations in the industry.

in 2017, it is expected that the international oil prices still lingered at the low level and global investment in offshore oil and gas exploration and market demand for offshore engineering equipment is unable to pick up for the time being. Yet, global oil price has witnessed substantial rebound and the global offshore engineering equipment is leaving behind its worst times. In addition, demand from the offshore wind power sector and the markets of working vessels for offshore engineering and platform dismantling are expected to increase gradually, which is expected to become a bright spot in the industry.

in 2017, the domestic logistics industry will maintain the basic trend of stabilising and turning positive steadily. The growth of the logistics demands of bulk commodities which accounted for a large portion, such as iron and steel, coals, real estate and construction industry is anaemic which would affect the development of the related logistics industry. Nonetheless, the social logistics that relate to consumption, such as e-commerce, cold chain, express delivery and distribution will continue to grow rapidly. There will be more development opportunities for approaches such as asset-light platform, alliance, franchise and cooperation. Activities of mergers and reorganisations will also experience another upsurge. Under the effect of exchange rate adjustments, the exporting competitiveness of traditional manufacturing will improve gradually. The logistics demand of imports and exports is expected to enjoy a moderate recovery accordingly, although it may be also subject to from uncertainty of international trade protectionism.

in 2017, it is expected that the growth of real estate investment in China will slow down while transportation infrastructure investment will gradually show an increasing trend; and the implementation of new standard GB1589 and strict regulation of overload will push forward the replacement and upgrade of relevant vehicles. As a result, it is expected that the domestic heavy truck market will continue to recover. In niche markets, it is expected that highway transportation of daily necessities, car carriers, express delivery and transportation and cold chain will grow rapidly while growth of coals and hazardous chemicals transportation will slow down; engineering and urban construction wastes transportation will experience swift growth and sand and gravel mixture transportation will transform into the pattern of transportation by tractors or light trucks. In respect of new energy products, substantial growth is expected to be seen in the LNG heavy truck market in 2017.

in 2017, the global airport business is expected to grow steadily and new growth point is expected to emerge in American market and area of new products. Boarding bridge business will greet the opportunity of renewal period in American market. Firefighting equipment business is affected by fiscal budget cuts by European countries, but it will produce better results in Chinese market. Logistics industry will grow steadily along with the industrial trend and garage business is expected to make a great breakthrough during this year. The newly-developed three-dimensional bus garage business will bring a large and brand new market.

in 2017, the government will press ahead the construction of housing system through implementing different policies according to different municipal conditions, precise adjustments and controls as well as medium-and-long-term effective mechanisms in China. In 2017, it is expected that market price and volume in first-tier and second-tier cities nationwide will enter into adjusting period, but there will be opportunities in some cities. Good development chances will emerge when the stock of land and properties brought by urban industrial upgrade are enlivened and utilised. Cities supported by industries and population will be the centre of next developing trend, and in particular, can provide the industrial park business with a promising development space.

in 2017, the domestic and overseas financial environment will become more complex and changeable accompanied by more uncertainties, which increase the chances of financial crisis. China's macro-economy still suffers from heavy downturn pressure with growth of investments in fixed assets running low and rare improvement in return on investments in real economy. China will adhere to the principle of "making progress while maintaining stability". The currency policy turns to be moderate and neutral and the fluctuation in both directions and enhanced flexibility of exchange rate of Renminbi will be more visible. In 2017, the US dollar will enter into the interest-rate raise cycle which will have big impact on US dollar financing in financial leasing projects of large scale. It is expected that China's financial leasing industry will maintain good developing momentum with financing channels more diversified while competitions will become intense.

5.3.3 Overall Operation Targets and Initiatives for Main Business Segments

In 2017, the Group will insist on implementing the strategy of "Manufacturing + Service + Finance", continue to carry out business transformation and upgrading and extend its manufacturing business to service sectors based on customer demand, thus providing a comprehensive solution that covers the whole life cycles of its products. The Group will continue to enhance its global operation, optimise its business and products, and speed up the industry cluster to cultivate its advantages on industrial chains. Innovations will be constantly made on technology upgrading, business model and management mechanism, to which the risks related will be controlled. The Group will strive to capture the opportunities brought by market changes and expand its coverage on emerging industries and innovation business to achieve sustained quality growth.

in 2017, for the mature business, the Group will carry out structure adjustment and connotative optimisation in order to strengthen and enhance its leading position in container business and proactively seize the opportunity in market fluctuations. The Group will propel initiatives in respect of structure adjustments, such as making adjustments to optimise the production capacity structure and asset structure, exploration of adjustments to business operation models and overseas presence. The Group will adopt measures for strengthening connotative optimisation, such as the comprehensive upgrades of Health Safety Environment (HSE) which highlight the transformation to water-based paints in production lines, and internal management innovation. In respect of new business expansion, it will gradually achieve rapid development and hierarchical deployment in terms of emerging business with resource investment and mechanism protection. Meanwhile, the Group will quicken its pace of land commercialisation, search for a model combination of investment through industrial fund and direct investment, and actively explore and develop business areas, such as cold chain equipment, logistics equipment, environmental friendly energy saving and new materials etc.

in 2017, the Group will continue to strive for comprehensively improving the core competency of global operations. While focusing on semi-trailer business and optimising existing business, the Group will put more efforts on exploring business growth and innovation business, to seize rapidly the opportunities arising from the changing trends and demands in the global markets and realise the continuous quality growth of the road vehicle business of the Group. In domestic market, the Group will seek for developing new profit growth by capturing opportunities brought by new regulations and prevailing hot events. In North American market, the Group will actively extend the geographical coverage of its products to set off the cyclical downtrends. In European market, the Group will continue to seek for future in 2017, the Group will achieve quality growth of the logistics services business through the following several measures: further strengthening culture integration and building in its logistics services business, optimising the business structure and organisational structure and clarifying the nature and boundaries of business. The emphasis will be placed on building a system of product planning and marketing and improving business risk management. The Group will enhance the systematic management of investment and perfect the investment network deployment both home and abroad. Moreover, the Group will encourage internal innovation and entrepreneurship, develop innovative mechanism and culture, and continue to promote the lean management, HSE management and development of informatisation, etc.

in 2017, C&C Trucks will carry out its work by strictly complying with operational principle of "market-oriented, efficiency first, risk management, management standardisation and integrity-centric" to specifically cater for the needs of market segments; it will proceed with and achieve the project of "two deceasing and one lowering", i.e. decreasing inventories, decreasing receivables and lowering doubtful debts. C&C Trucks will continue to improve versatility of parts and components and the cost performance of the products, manage orders through the whole process, raise the response efficiency of terminal service, construct credibility management system for counterparties so as to develop a partnership achieving mutual benefits on the basis of credibility and optimise the procedure for fixing post to establish a healthy organisational structure.

in 2017, the Group will gradually improve the guarantee ability and achieve stable business growth of its airport facilities equipment business by way of implementing the following initiatives: conducting internal and external optimisation to continuously strengthen core competitiveness; conducting business innovation with the consideration of industrial characteristics; perfecting the human resource system; promoting risk management improvement; managing reasonably to achieve improvement; complying with the

, in 2017, by adhering to the Group's strategy and the principle of client-centric, CIMC Finance Company will thoroughly carry out industry amalgamation and meet with every financial need of the Group in a more systematic, in-depth and specific fashion, so as to propel the development of other industries of the Group with financial means on the basis that the centralised management of the global capital has been firmly promoted and improved. In 2017, CIMC Financial Leasing Company will continue to promote the deepening of the coordination of

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

: the Group is confronted with competition from domestic and foreign enterprises in respect of its principal businesses such as container manufacturing, road transportation vehicle and energy, chemical and liquid food equipment businesses. In particular, a weak demand or relative overcapacity will lead to an imbalance between supply and demand, which will cause an intensified competition in the industry. Besides, the competition pattern of the industry may change due to entry of new players or improved capacity of existing rivals.

: with demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. The automation represented by the robot is becoming one of key directions for future upgrading of the traditional manufacturing industries. In addition, China attaches increasing attention on environmental protection and carries out the sustainable development strategies, and strengthens the requirement of environmental protection for China's traditional manufacturing industries.

The financial data set out below is extracted from the audited financial statements of the Group prepared under CASBE. The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and their accompanying notes as set out elsewhere in the Announcement.

Income Analysis by Segment and Region

The following table sets out the Group's revenue from various major business segments and the percentage in total revenue during the following periods:

Unit: RMB thousand

	2015	
	Amount	Percentage in total revenue (%)
Containers	21,071,169	35.91%
Road transportation vehicles	12,861,559	21.92%
Energy, chemical and liquid food equipment	9,305,081	15.86%
Offshore engineering	7,956,958	13.56%
Airport facilities equipment	2,819,980	4.81%
Logistics services	7,799,998	13.29%
Financial business	1,791,929	3.05%
Real estate	1,291,878	2.20%
Heavy trucks	856,459	1.46%
Others	1,153,770	1.97%
Combined offset	(8,222,977)	(14.03%)
Total	58,685,804	100.00%

The following table sets out the Group's revenue from various regions and the percentage in total revenue during the following periods:

Unit: RMB thousand

	2015 (Restated)	
	Revenue	Percentage in total revenue (%)
China	24,684,517	42.06%
America	8,880,239	15.13%
Europe	13,836,675	23.58%
Asia (excluding China)	9,181,983	15.65%
Others	2,102,390	3.58%
Total	58,685,804	100.00%

In 2016, by region, revenues from America have recorded an increase, while revenues from other regions have reported a decrease. For specific analysis, please refer to the section headed "5.2 Review of Principal Businesses of the Group during the Reporting Period" herein.

Cost of Sales and Gross Profit

The following table sets out the Group's cost of sales of various major business segments and the percentage in total cost of sales during the following periods:

Unit: RMB thousand

	2015 (Restated)	
	Cost of sales	Percentage in total cost of sales (%)
Containers	17,482,473	36.38%
Road transportation vehicles	10,335,468	21.51%
Energy, chemical and liquid food equipment	7,488,772	15.59%
Offshore engineering	7,276,336	15.14%
Airport facilities equipment	2,237,830	4.66%
Logistics services	7,082,207	14.74%
Financial business	620,569	1.29%
Real estate	841,561	1.75%
Heavy trucks	907,969	1.89%
Others	948,917	1.97%
Combined offset	(7,171,092)	(14.92%)
Total	48,051,010	100.00%

The following table sets out the Group's gross profit and gross profit margin of various major business segments during the following periods:

Unit: RMB thousand

	2015 (Restated)	
	Gross profit	Gross profit margin (%)
Containers	3,588,696	17.03%
Road transportation vehicles	2,526,091	19.64%
Energy, chemical and liquid food equipment	1,816,309	19.52%
Offshore engineering	680,622	8.55%
Airport facilities equipment	582,150	20.64%
Logistics services	717,791	9.20%
Financial business	1,171,360	65.37%
Real estate	450,317	34.86%
Heavy trucks	(51,510)	(6.01%)
Others	204,853	17.76%
Combined offset	(1,051,885)	–
Total	10,634,794	18.12%

In 2016, the Group's cost of sales amounted to RMB41,482 million, representing a decrease of approximately 13.67% compared with RMB48,051 million (restated) in 2015; the overall gross profit margin amounted to 18.84%, remaining basically stable over previous year. For all segments, logistics services, real estate and heavy trucks segments saw an increase in their gross profit margins, while those of containers, road transportation vehicles, energy, chemical and liquid food equipment, airport facilities equipment and financial business segments recorded a decline. For specific analysis, please refer to the section headed "5.2 Review of Principal Businesses of the Group during the Reporting Period" in the Announcement.

Non-operating Income

In 2016, the Group's non-operating income amounted to RMB1,212.806 million (2015: RMB436.200 million), representing a year-on-year increase of 178.04%, mainly due to the financial subsidies received by the Group from the government and accounts payable which were unable to pay during the Reporting Period.

Technology Development Costs

In 2016, the Group's technology development costs amounted to RMB519.440 million (2015: RMB542.312 million), representing a year-on-year decrease of 4.22%.

Selling and Distribution Expenses

In 2016, the Group's selling and distribution expenses amounted to RMB2,156.980 million (2015: RMB2,574.726 million (restated)), representing a year-on-year decrease of 16.22%.

General and Administrative Expenses

In 2016, the Group's general and administrative expenses amounted to RMB4,208.598 million (2015: RMB4,146.983 million), representing a year-on-year increase of 1.49%.

Financial Expenses

In 2016, the Group's financial expenses amounted to RMB719.109 million (2015: RMB627.801 million), representing a year-on-year increase of 14.54%, mainly due to the increase in interest expenses as a result of the increase in the finance amount during the Reporting period.

Provisions for Asset Impairment

During the Reporting Period, the Group made provisions for asset impairment totalling RMB2,215.199 million (2015: RMB656.556 million), representing a year-on-year increase of 237.40%, mainly due to the significant provision made by CIMC Enric for the termination of the acquisition of the equity interest in SOE during the Reporting Period.

Income Tax Expenses

In 2016, taxes paid by the Group amounted to RMB967.068 million (2015: RMB951.825 million (restated)), representing a year-on-year increase of 1.60%. Please refer to note 9 to "8 Financial Report" in the Announcement for details.

Profits Attributable to Minority Shareholders

In 2016, the Group's profits attributable to minority shareholders amounted to RMB195.323 million (2015: RMB324.032 million (restated)), representing a year-on-year decrease of 39.72%, mainly due to the changes in profits of subsidiaries with minority shareholders.

Cash Flows

Details of the cash flows of the Group during the Reporting Period are as follows:

Unit: RMB thousand

		2015	Year-on-year change
Subtotal of cash inflows of operating activities		57,320,802	(9.05%)
Subtotal of cash outflows of operating activities		60,931,025	(18.28%)
Net cash flows from operating activities		(3,610,223)	164.86%
Subtotal of cash inflows of investing activities		1,312,846	53.11%
Subtotal of cash outflows of investing activities		13,897,627	(36.21%)
Net cash flows from investing activities		(12,584,781)	45.53%
Subtotal of cash inflows of financing activities		64,944,199	(0.98%)
Subtotal of cash outflows of financing activities		48,438,536	17.26%
Net cash flows from financing activities		16,505,663	(54.49%)
Net increase of cash and cash equivalents		323,872	850.85%

During the Reporting Period, the subtotal of cash inflows of investing activities of the Group increased by 53.11% as compared with the same period of previous year, mainly due to the net cash received from disposal of subsidiaries and the increase in cash received from other investing activities during the Reporting Period; the subtotal of cash outflows of investing activities of the Group decreased by 36.21% as compared with the same period of previous year, mainly due to the decrease in cash paid to acquire fixed assets, intangible assets and other long-term assets as compared with the same period of previous year.

Liquidity and Financial Resources

As at 31 December 2016, the Group's cash at bank and on hand amounted to RMB6,325.998 million (31 December 2015: RMB4,487.166 million), representing a year-on-year increase of 40.98%. The Group's cash at bank and on hand primarily consist of cash and bank deposits which are mainly denominated in RMB and US dollars.

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

Bank Loans and Other Borrowings

As at 31 December 2016, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) totally amounted to RMB55,932.185 million (31 December 2015: RMB46,241.746 million).

Unit: RMB thousand

		31 December 2015
Short-term borrowings		17,909,024
Non-current borrowings due within one year		649,003
Debentures payable due within one year		3,998,881
Long-term borrowings		23,684,838
Debentures payable		–
Other current liabilities (issuance of commercial papers)		–
Total		46,241,746

Interest capitalised by the Group for the year of 2016 was RMB507.365 million (2015: RMB423.520 million).

The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed using fixed rates and floating rates. As at 31 December 2016, the Group's bank borrowings included fixed-rate borrowings of approximately RMB8,123.960 million (31 December 2015: RMB12,472.493 million) and floating-rate borrowings of approximately RMB38,154.759 million (31 December 2015: RMB29,770.372 million). The long-term borrowings are mainly expired within 5 years.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2016, the remaining fixed-rate bonds issued by the Group amounted to RMB7,986.500 million (31 December 2015: RMB3,998.881 million).

Capital Structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2016, the Group's equity interests attributable to shareholders amounted to RMB39,134.792 million (31 December 2015: RMB35,720.915 million (restated)); the total liabilities amounted to RMB85,479.956 million (31 December 2015: RMB71,336.150 million (restated)) and the total assets amounted to RMB124,614.748 million (31 December 2015: RMB107,057.065 million (restated)). The gearing ratio was 68.60% (31 December 2015: 66.63% (restated)), representing an increase of 1.97 percentage points. The gearing ratios were calculated based on our total liabilities as at the respective dates divided by our total assets. The Group is committed to maintain an appropriate combination of equity and debt, in order to maintain an effective capital structure and provide maximum returns for shareholders.

Material Changes in Assets and Liabilities

Unit: RMB thousand

Long-term equity investments	2,162,217	1.74%	2,036,367	1.90%	6.18%	No material change
Construction in progress	22,769,189	18.27%	17,040,388	15.92%	33.62%	Mainly due to the increase in vessels under construction of CIMC Financial Leasing Co., Ltd.
Short-term borrowings	15,729,787	12.62%	17,909,024	16.73%	(12.17%)	No material change
Long-term borrowings	27,023,222	21.69%	23,684,838	22.12%	14.10%	No material change

Pledge of Assets

As at 31 December 2016, restricted assets of the Group totally amounted to RMB9,756.883 million (31 December 2015: RMB5,826.663 million), with details summarised as follows:

Unit: RMB thousand

	31 December 2015	Current year addition	Current year decrease	
Assets used as collateral				
– Cash at bank and on hand	1,228,043	507,691	(748,477)	
– Notes receivable	588,835	26,806	(408,888)	
– Long-term receivables	4,009,785	4,947,936	(792,992)	
– Fixed assets	–	398,144	–	
Total	5,826,663	5,880,577	(1,950,357)	

Long-term receivables were pledged for loans, and notes receivable were used for rediscount, pledge of guarantee and bill pool pledge. Cash at bank and on hand with restrictions comprised margin deposits and deposits placed in People's Bank of China by CIMC Finance Company, a subsidiary of the Company.

Significant Investments and Major Acquisitions and Sales Relating to Subsidiaries and Associated Companies

Significant external investments of the Group during the Reporting Period are listed below:

Unit: RMB thousand

		(%)	
Retlan Manufacturing Ltd	Vehicle	63.33%	842,527

Future Plans for Significant Investments, Expected Source of Funding, Capital Expenditure and Financing Plan

The Group's operating and capital expenditures are mainly financed by our own funds and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group's strategic upgrade and business development, the capital expenditure of the Group is expected to be approximately RMB18.7 billion in 2017, mainly used in the acquisition of fixed assets, intangible assets and long-term assets etc. The Group will consider various types of financing activities to meet future capital expenditure and working capital requirements.

Contingent Liabilities

As at 31 December 2016, the Group had major contingent liabilities of approximately RMB83.248 million (31 December 2015: RMB79.940 million). Please refer to note 12 to "8 Financial Report" in the Announcement for details.

Use of Proceeds

As at 31 December 2015, the Company has issued a total of 286,096,100 new H shares to COSCO Container Industries Limited, Broad Ride Limited, and Promotor Holdings Limited at HK$13.48 per H Share, and the proceeds raised were approximately HK$3,857 million (RMB3,228 million). As at 31 December 2016, HK$571,793 (RMB511,475) of the proceeds raised was placed in the fund-raising account, and the rest had been used to replenish the working capital of the Group.

Employees and Remuneration Policies

As at 31 December 2016, there were approximately 51,299 employees of the Group (31 December 2015: 57,477) in the PRC. The total staff cost during the Reporting Period, including directors' remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to approximately RMB5,925.685 million (2015: RMB6,293.535 million).

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market conditions. The share option scheme aims to recognise the previous contribution of directors and core employees to the Group and reward them for their long-term services. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China. The Group regularly reviews its remuneration policies, including directors' remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

Employee Training Programme

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

Employee Pension Benefits

The Group has provided the basic pension insurance for the employees arranged by local labour and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organisation. 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 amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

Share Option Incentive Scheme

The implementation of share option incentive scheme is helpful to establish an interest sharing and restraint mechanism among the directors, the management and the core employees, by which the management can better balance its long-term goal and short-term goal so as to attract and retain outstanding management candidates and key employees and stimulate sustainable value of incentives which will serve to guarantee the stable development of the Company in the long term and enhance its competitive strength.

In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the shareholders, the Company and its employees, an A share(s) share option incentive scheme was considered and approved at the extraordinary general meeting of the Company on 17 September 2010. According to such scheme, the first tranche of 54,000,000 share options (the “ ”) were registered on 26 January 2011 and the reserved 6,000,000 share options (the “ ”) were registered on 17 November 2011.

Upon the consideration and approval at the eighth meeting of the seventh session of the Board in 2015, the second exercisable period for the First Tranche of Share Options has met the exercise conditions on 12 May 2015 and its actual exercisable period was from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000. Upon the consideration and approval at the fourteenth meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options has met the exercise conditions on 9 October 2015 and its actual exercisable period was from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500. As at 26 July 2016, upon the consideration and approval at the fifth meeting of the eighth session of the Board in 2016 and the implementation on 20 July 2016 of the annual dividend distribution plan of the Company for 2015, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.55 and RMB16.08, respectively. For relevant information about the participants, the number of options and the price of options, please refer to the announcements published in Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company’s website (www.cimc.com) on 13 May 2015, 10 October 2015 and 27 July 2016.

During the Reporting Period, 717,200 share options were exercised during the second exercisable period for the First Tranche of Share Options, and 40,100 share options were exercised during the second exercisable period for the Second Tranche of Share Options. The total share options exercised during the Reporting Period amounted to 757,300, representing 1.29% of the total of share option incentive scheme (adjusted).

Investment Properties

The investment properties of the Group include land use rights and buildings which have been rented or intend to be sold after value increase. The investment properties are mainly located in first-tier and second-tier cities in the coastal areas of China, such as Qingdao, Dalian, Shanghai and Chengdu, etc., while certain are located in Singapore. To reflect the values of investment properties held by the Company more truly and accurately, and to help the management and the investors of the Company to keep abreast of the true financial conditions and operating results of

7.3 On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016 of the Company, the Company proposed to issue no more than 386,263,593 new A shares at an issuance price no less than RMB13.86 per share to no more than 10 qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions (the " "). Gross proceeds shall not exceed RMB6.0 billion. The Non-public Issuance of A Shares was approved at the 2015 annual general meeting, the first 2016 A shareholders' class meeting and the first 2016 H shareholders' class meeting of the Company held on 31 May 2016. The Company submitted its application for the Non-public Issuance of A shares to the China Securities Regulatory Commission (the " ") on 30 September 2016 and received on 14 October 2016 and 21 November 2016 the CSRC's Acceptance Notice of the Application for Administrative Permission (No. 162937) (《中國證監會行政許可申請受理通知書》(162937號)) and the Notice regarding CSRC's Feedback on the Review of Administrative Permission Items (No.162937) (《中國證監會行政許可項目審查反饋意見通知書》(162937號)) issued by the CSRC. Considering that certain matters in the Feedback still need to be resolved, the Company applied to the CSRC to cancel the Non-public Issuance of A Shares on 17 January 2017. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 9 April 2016, 1 June 2016, 15 October 2016, 22 November 2016 and 17 January 2017.

7.4 On 21 April 2016, Sharp Vision Holdings Limited, a wholly-owned subsidiary of the Company, engaged DBS Bank Ltd. to make a voluntary unconditional general cash offer to other shareholders of Pteris Global Limited (" ", a non-wholly owned subsidiary of the Company) at S$0.735/share (later increased to S$0.85/share). As at the close date of the offer, being 1 September 2016, Sharp Vision Holdings Limited held an aggregate of 299,525,146 shares or 77.72% of Pteris. Pteris was delisted from the Singapore Exchange Limited with effect from 9.00 a.m. on 7 September 2016. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 8 September 2016.

7.5 On 23 May 2016, the 2011 first tranche of medium term note on the National Inter-bank Bond Market issued by the Company on 20 May 2011 was due and the Company repaid the principal and interests of such note on the maturity date. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 16 November 2010, 10 May 2011, 19 May 2011 and 24 May 2016.

7.6 On 31 May 2016, the Company considered and approved the Resolution on the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers in the PRC at the annual general meeting of 2015 which, among others, approved the issuance by the Company of RMB medium term note with a size of not more than RMB6.0 billion. On 11 August 2016, the Company issued the first tranche of the Medium Term Note for 2016 with a size of RMB3.5 billion, a coupon rate of 3.07% and a term of three years. On 22 August 2016, the Company issued 2016 Tranche II Medium Term Notes with a size of RMB2.5 billion, a coupon rate of 3.15% and a term of three years. On 17 October 2016, the Company issued 2016 Tranche III Medium Term Notes (this tranche is RMB perpetual medium term notes) with a size of RMB2.0 billion and a coupon rate of 3.89% for the first three interest-bearing years. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 1 June 2016, 13 August 2016, 23 August 2016 and 18 October 2016.

7.7 On 18 August 2016, the Company signed a strategic cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd., pursuant to which both parties intend to jointly develop their logistic properties business and forge a comprehensive strategic partnership. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 19 August 2016.

7.8 On 24 August 2016, the Company signed a Sales Framework Agreement with COSCO SHIPPING Development, pursuant to which, the Group agreed to provide commodities (including but not limited to containers) to China Shipping Group, and agreed on the estimated aggregate transaction amount for the year ended 31 December 2016. The sales framework agreement expired on 31 December 2016. On 11 November 2016, the Company entered into a new framework agreement with COSCO SHIPPING Development in respect of supplies of commodities (including but not limited to containers) and agreed on the annual transaction caps from 2017 to 2019. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 25 August 2016 and 12 November 2016.

7.9 On 1 September 2016, Mr. LAM Yuk Lan, a supervisor of the Company, has tendered his resignation from the office of the supervisor representing shareholder of the Company due to his change of work arrangement. At the first extraordinary general meeting of 2016 of the Company held on 20 December 2016, the resignation of Mr. LAM Yuk Lan was approved and Mr. LV Shengzhou was appointed as a supervisor representing shareholder of the eighth session of the supervisory committee of the Company. For detailed information, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 2 September 2016 and 20 December 2016.

7.10 On 7 December 2016, CIMC HK and CIMC Offshore Holdings Limited, wholly-owned

√ Yes ☐ No

Changes in critical accounting policies –

As considered and approved by the Board and the supervisor committee of the Group on 29 December 2016, in accordance with the requirements under Accounting Standards for Business Enterprises No.3 – Investment Properties and the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors, and in order to provide more reliable and more relevant accounting information, the measurement of investment properties of the Group changed from cost mode to fair value mode. The date of the change in accounting policy shall be the date on which the same was considered and approved by the Board.

In accordance with the requirements of above-mentioned standards, under the fair value measurement model, no provision for depreciation or amortisation of investment properties will be made, instead, the carrying amount of investment properties will be adjusted based on their fair value as at the balance sheet date, and the difference between the fair value and the initial carrying amount will be included in profit or loss of the period. Enterprises should account the change from cost mode to fair value mode as changes in account policies, and adjust the retained earnings at the beginning of the period based on the difference between the fair value and carry amount when measurement mode changes. When fair value mode is adopted for the measurement of investment properties, a change to the cost mode from the fair value mode is not allowed.

In accordance with the requirements of above-mentioned standards, retrospective adjustments have been made to the items such as investment properties and other comprehensive income in the comparative financial statements, the accumulated effect of which are stated as follows:

	1 January 2015 (Restated)	31 December 2015 (Restated)	
Increase in investment properties	187,843	291,354	
Increase in deferred tax assets	2,540	2,540	
Increase in deferred tax liabilities	48,796	66,821	
Increase in taxes payable	–	1,034	
Increase in other comprehensive income	–	3,653	
Increase in minority interests	51,532	79,723	
Increase in undistributed profits	90,055	142,663	

		2015	
Decrease in cost of sales	–	30,233	
Decrease in selling and distribution expenses	–	190	
Increase in gains or losses from changes in fair value	–	65,695	
Increase in income tax expense	–	17,434	
Increase in profit or loss attributable to minority shareholders	–	26,076	

The change in accounting policy has no impact on the Company.

□ Yes √ No

The changes in the scope of consolidation for the current year are mainly due to subsidiaries that were newly acquired, established or disposed of.

A subsidiary newly included in the scope of consolidation for the current year is Retlan Manufacturing Ltd. A subsidiary that ceases to be included in the scope of consolidation for the current year is Shanghai CIMC Yangshan Container Service Co., Ltd.

There was no significant subsidiary, special purpose entity, business entity controlled through entrusted management or leasing that was excluded from the scope of consolidation for the current year.

□ Yes √ No

Unit: RMB thousand

	Note	31 December 2015 (Restated)	1 January 2015 (Restated)
Cash at bank and on hand		4,487,166	3,667,387
Financial assets at fair value through profit or loss		133,294	427,669
Notes receivable		1,369,632	1,591,694
Accounts receivable	*4*	10,667,049	11,480,465
Advance to suppliers		3,290,194	5,223,351
Interest receivable		10,842	3,968
Dividend receivable		12,345	10,427
Other receivables		3,253,650	2,574,975
Inventories		16,416,646	16,773,431
Assets classified as held for sale		–	–
Current portion of non-current assets			

Unit: RMB thousand

	Note		31 December 2015 (Restated)	1 January 2015 (Restated)
Short-term borrowings			17,909,024	11,239,527
Financial liabilities at fair value through profit or loss			250,769	103,657
Notes payable			1,749,077	1,684,016
Accounts payable	*5*		8,893,005	11,364,903
Advances from customers			2,763,511	3,054,783
Employee benefits payable			2,234,271	2,306,294
Taxes payable			924,171	799,775
Interest payable			216,374	185,780
Dividends payable			56,034	47,973
Other payables			5,285,014	5,286,952
Provisions			875,498	761,052
Current portion of non-current liabilities			4,765,523	4,052,854
Other current liabilities			–	2,452,511
			45,922,271	43,340,077
Financial liabilities at fair value through profit or loss			55,471	73,884
Long-term borrowings			23,684,838	11,110,296
Debentures payable			–	4,455,080
Long-term payables			550,136	672,562
Payables for specific projects			5,834	4,945
Deferred income			511,662	467,623
Deferred tax liabilities			534,303	418,395
Other non-current liabilities			71,635	–
			25,413,879	17,202,785
			71,336,150	60,542,862
Share capital			2,977,820	2,672,629
Other equity instruments			2,033,043	–
Capital surplus			3,181,863	686,506
Other comprehensive income			(514,477)	(847,187)
Surplus reserve			3,203,578	3,126,406
Undistributed profits	*6*		17,805,808	16,742,015
			28,687,635	22,380,369
			7,033,280	5,043,333
			35,720,915	27,423,702
			107,057,065	87,966,564

Unit: RMB thousand

		31 December 2015
Cash at bank and on hand		1,597,446
Dividends receivable		4,604,445
Other receivables		12,363,102
Other current assets		16,264
		18,581,257
Available-for-sale financial assets		388,905
Long-term equity investments		8,509,530
Fixed assets		106,808
Construction in progress		4,031
Intangible assets		14,724
Long-term prepaid expenses		14,782
Deferred tax assets		216,448
		9,255,228
		27,836,485

Unit: RMB thousand

		31 December 2015
Short-term borrowings		–
Financial liabilities at fair value through profit or loss		–
Accounts payable		15,837
Employee benefits payable		851,536
Taxes payable		12,820
Interest payable		129,200
Other payables		7,583,245
Provisions		–
Current portion of non-current liabilities		4,059,881
		12,652,519
Financial liabilities at fair value through profit or loss		14,256
Long-term borrowings		2,215,000
Debentures payable		–
Deferred income		13,800
		2,243,056
		14,895,575
Share capital		2,977,820
Other equity instruments		2,033,043
Capital surplus		3,279,575
Other comprehensive income		43,754
Surplus reserve		3,203,578
Undistributed profits		1,403,140
		12,940,910
		27,836,485

Unit: RMB thousand

	Note		2015 (Restated)
	7		58,685,804
Less: Cost of sales	*7*		48,051,010
Taxes and surcharges			433,030
Selling and distribution expenses			2,574,726
General and administrative expenses			4,146,983
Financial expenses – net			627,801
Asset impairment losses	*8*		551,170
Add: Profit/(loss) from changes in fair value			(37,336)
Investment Income			776,106
Including: Share of profit of associates and joint ventures			241,649
			3,039,854
Add: Non-operating income			436,200
Including: Gains on disposal of non-current assets			33,876
Less: Non-operating expenses			173,584
Including: Losses on disposal of non-current assets			51,464
			3,302,470
Less: Income tax expenses	*9*		951,825
			2,350,645
Net profit attributable to shareholders and other equity holders of the Company			2,026,613
Profit or loss attributable to minority shareholders			324,032
			325,186
Attributable to shareholders and other equity holders of the Company			332,710
Items that may be reclassified subsequently to profit or loss			332,710
Change in fair value of available-for-sale financial assets			(5,172)
Gain of cash flow hedges			1,138
The amount of fair value at the date of transfer exceeded the carrying value of investment properties transferred from fixed assets and intangible assets			3,653
Currency translation differences			333,091
Minority interests			(7,524)
			2,675,831
Attributable to shareholders and other equity holders of the Company			2,359,323
Minority interests			316,508
(I) Basic earnings per share (RMB)	*10(1)*		0.74
(II) Diluted earnings per share (RMB)	*10(2)*		0.73

Unit: RMB thousand

			2015
			298,919
Less:	Cost of sales		40,576
	Tax and surcharges		33,661
	General and administrative expenses		235,671
	Financial expenses – net		(19,667)
Add:	Profit or loss from changes in fair value		7,051
	Investment income		700,870
			716,599
Add:	Non-operating income		40,432
	Including: Profits on disposal of non-current assets		–
Less:	Non-operating Expenses		1,362
	Including: Losses on disposal of non-current assets		62
			755,669
Less:	Income tax expenses/(income)		(16,046)
			771,715
			–
			771,715

Unit: RMB thousand

		2015
Cash received from capital contributions		3,732,151
Including: Cash received from capital contributions by minority shareholders of subsidiaries		284,172
Cash received from issue of perpetual bonds		1,981,143
Cash received from borrowings		58,969,912
Cash received from issue of bonds		–
Cash received relating to other financing activities		260,993
		64,944,199
Cash repayments of borrowings		45,955,221
Cash payments for distribution of dividends or profits or interest expenses		2,405,885
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		107,638
Cash payments relating to other financing activities		77,430
		48,438,536
		16,505,663
		13,213
		323,872
Add: Cash and cash equivalents at the beginning of the year		2,935,251
		3,259,123

Unit: RMB thousand

		2015
Cash received from sales of goods and rendering of services		298,919
Cash received relating to other operating activities		1,165,577
		1,464,496
Cash paid for goods and services		24,739
Cash paid to and on behalf of employees		114,728
Payments of taxes and surcharges		31,121
Cash paid relating to other operating activities		4,926,813
		5,097,401
		(3,632,905)
Cash received from disposal of investments		155,490
Cash received from returns on investments		568,911
Net cash received from disposal of fixed assets		1,307
Net cash received from disposal of subsidiaries		299,624
		1,025,332
Cash paid to acquire fixed assets and other long-term assets		7,671
Net cash paid to acquire subsidiaries and other business units		620,000
		627,671
		397,661

Unit: RMB thousand

		2015
Cash received from borrowings and cash inflows from financing activities		1,415,000
Cash received from issue of bonds		–
Cash received from issue of perpetual bonds		1,981,143
Cash received from capital contributions		3,447,979
		6,844,122
Cash repayments of borrowings		2,576,000
Cash payments for distribution of dividends or profits or interest expenses		1,197,902
Cash paid relating to other financing activities		13,837
		3,787,739
		3,056,383
		514
		(178,347)
Add: Cash and cash equivalents at the beginning of the year		831,212
		652,865

Unit: RMB thousand

	2015 Equity attributable to shareholders of the Company							
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2015	2,672,629	–	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
Add: Changes in accounting policies	–	–	–	–	–	90,055	51,532	141,587
II. Balance at 1 January 2016	2,672,629	–	686,506	(847,187)	3,126,406	16,742,015	5,043,333	27,423,702
III. Movements for the year								
(I) Total comprehensive income								
1. Net profit	–	51,900	–	–	–	1,974,713	324,032	2,350,645
2. Other comprehensive income	–	–	–	332,710	–	–	(7,524)	325,186
Sub-total of 1&2	–	51,900	–	332,710	–	1,974,713	316,508	2,675,831
(II) Capital contributions and withdrawal by owners								
1. Capital contributions by owners	286,096	–	2,941,543	–	–	–	–	3,227,639
2. Increase in capital resulting from the exercise of share options by the Company	19,095	–	201,245	–	–	–	–	220,340
3. Contributions by minority shareholders	–	–	106,284	–	–	–	1,478,518	1,584,802
4. Increase in minority interests resulting from acquisition or establishment of subsidiary	–	–	–	–	–	–	168,598	168,598
5. Decrease in capital surplus resulting from acquisition of minority interests of subsidiaries	–	–	(4)	–	–	–	(77,426)	(77,430)
6. Disposal of subsidiaries (without loss of control)	–	–	441,939	–	–	–	190,022	631,961
7. Disposal of subsidiaries (loss of control)	–	–	–	–	–	–	–	–
8. Increase in capital resulting from the exercise of share options by subsidiaries	–	–	(1,876)	–	–	–	13,274	11,398
9. Increase in shareholders' equity resulting from share-based payments	–	–	46,218	–	–	–	16,152	62,370
10. Issue of other equity instruments	–	1,981,143	–	–	–	–	–	1,981,143
11. Recognition of the buyback options granted to minority shareholders	–	–	(1,249,826)	–	–	–	–	(1,249,826)
12. Others	–	–	9,834	–	–	–	–	9,834
(III) Profit distribution								
1. Appropriation to surplus reserve	–	–	–	–	77,172	(77,172)	–	–
2. Profit distribution to shareholders	–	–	–	–	–	(833,748)	(115,699)	(949,447)
3. Interests paid on other equity instruments	–	–	–	–	–	–	–	–
IV. Balance at 31 December 2016	2,977,820	2,033,043	3,181,863	(514,477)	3,203,578	17,805,808	7,033,280	35,720,915

Notes:

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

The financial statements are prepared on a going concern basis.

Since the new Hong Kong Companies Ordinance took effect in 2015, certain disclosures in these financial statements have been adjusted in accordance with the requirements of Hong Kong Companies Ordinance.

The financial statements of the Company for the year ended 31 December 2016 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2016 and of their financial performance, cash flows and other information for the year then ended.

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

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

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

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

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

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

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

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

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies.

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

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

Unit: RMB thousand

	31 December 2015
Containers	2,866,510
Road transportation vehicles	1,965,433
Energy, chemical and liquid food equipment	2,914,140
Offshore engineering	286,859
Airport facilities equipment	1,140,820
Logistics services	1,011,101
Heavy trucks	477,892
Others	465,788169,250

Unit: RMB thousand

	31 December 2015
Within 1 year (inclusive)	9,772,401
1 to 2 years (inclusive)	784,534
2 to 3 years (inclusive)	394,997
Over 3 years	176,611
Subtotal	11,128,543
Less: Provision for bad debts	(461,494)
Total	10,667,049

Unit: RMB thousand

	31 December 2015
Due to raw materials suppliers	7,574,540
Due to integrated logistics service providers	358,539
Due to engineering contractors	335,406
Due to engineering suppliers	272,175
Due to equipment suppliers	209,973
Transportation fees	69,655
Processing fees	36,664
Others	36,053
Total	8,893,005

Unit: RMB thousand

	31 December 2015
With 1 year (inclusive)	8,513,311
1 to 2 years (inclusive)	286,922
2 to 3 years (inclusive)	42,221
Over 3 years	50,551
Total	8,893,005

Unit: RMB thousand

	Note		2015 (Restated)
Undistributed profits at the beginning of the year (before adjustment)			16,651,960
Changes in accounting policies			90,055
Undistributed profits at the beginning of the year (adjusted)			16,742,015
Add: Net profit attributable to shareholders and other equity holders of the Company for the current year			2,026,613
Less: Effect of issue of perpetual bonds			(51,900)
Less: Appropriation to surplus reserve			(77,172)
Less: Ordinary share dividends payable	*(1)*		(833,748)
Undistributed profits at the end of the year			17,805,808

Unit: RMB thousand

		2015
Dividends proposed but not declared at the end of the year		–
Total proposed dividends in the year		833,748

In accordance with the resolution at the general meeting of the Company, dated on 31 May 2016, the Company paid a cash dividend in the amount of RMB0.22 per share to the ordinary shareholders on 20 July 2016 (2015: RMB0.31 per share), amounting to RMB654,822,000 calculated by issued shares (2015: RMB833,748,000).

Unit: RMB thousand

		2015 (Restated)
Revenue from principal operations		57,259,634
Revenue from other operations		1,426,170
Total		58,685,804
Cost of sales from principal operations		47,398,722
Cost sales from other operations		652,288
Total		48,051,010

Unit: RMB thousand

		2015
Provision for doubtful debts of other receivables		23,024
Provision for doubtful debts of current portion of non-current assets		(7,685)
Provision for doubtful debts of accounts receivables		68,693
Provision for decline in value of inventories		92,239
Provision for impairment of goodwill		38,149
Provision for doubtful debts of long-term receivables		284,641
Provision for decline in value of advances to suppliers		23,839
Provision for impairment of fixed assets		26,479
Provision for impairment of intangible assets		–
Provision for impairment of construction in progress		1,791
Total		551,170

Unit: RMB thousand

		2015 (Restated)
Current income tax calculated based on tax law and related regulations		917,524
Movements in deferred income tax		34,301
Total		951,825

Reconciliation between income tax expenses and accounting profits is as follows:

Unit: RMB thousand

	2015 (Restated)
Profit before tax	3,302,470
Income tax calculated at applicable tax rates	823,294
Effect of tax incentive	(169,656)
Expenses not deductible for tax purposes	110,624
Income not subject to tax	(63,761)
Tax effect of utilisation of previously unrecognised tax losses on deferred tax assets	(167,820)
Unrecognised tax losses	295,360
Deductible temporary differences for which no deferred tax asset was recognised in previous years	–
Tax effect of utilisation of deductible temporary differences of previously unrecognised deferred tax assets	(25,525)
Effect of tax rate change on deferred tax	8,810
Tax refund for income tax annual filing	1,490
Releasing provisions for previously recognised deferred tax assets	157,339
Releasing tax provisions for profit of foreign holding companies in current year	(18,330)
Income tax expense	951,825

The income tax rates applicable to the Company and significant subsidiaries for the year are as follows:

	2015
	25%
Subsidiaries registered in China	15-25%
Subsidiaries registered in Hong Kong	16.5-25%
Subsidiary registered in Suriname	36%
Subsidiary registered in Cambodia	20%
Subsidiary registered in US	15-35%
Subsidiary registered in Germany	15.83-31.6%
Subsidiary registered in Britain	20%
Subsidiary registered in Australia	30%
Subsidiary registered in the Netherlands	25.5%
Subsidiary registered in Belgium	34%
Subsidiary registered in Denmark	23.5%
Subsidiary registered in Poland	19%
Subsidiary registered in Thailand	20%
Subsidiary registered in Singapore	17%
Subsidiary registered in Sweden	26.3%

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding of the Company:

		2015 (Restated)
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company		2,026,613
Effect of issue of perpetual bonds		(51,900)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)		1,974,713
Weighted average number of ordinary shares outstanding ('000)		2,681,116
Basic earnings per share (RMB per share)		0.74
Including: Going concern basic earnings per share		0.74

Diluted earnings per share is calculated by dividing adjusted consolidated net profit attributable to ordinary shareholders of the Company by the adjusted weighted average number of ordinary shares outstanding of the Company:

	Note		2015 (Restated)
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company			2,026,513
Effect of issue of perpetual bonds			(51,900)
Effect of subsidiaries' share option program			(4,113)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)			1,970,600
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000) (adjusted)	*(a)*		2,698,523
Diluted earnings per share (RMB per share)			0.73

(a) Calculation of weighted average number of ordinary shares (diluted):

		2015
Weighted average number of ordinary shares outstanding ('000)		2,681,116
Effect of share options of the Company ('000)		17,407
Weighted average number of ordinary shares outstanding (diluted) ('000)		2,698,523

The Board of the Company was authorised to grant 60,000,000 share options (2.01% of the total of 2,978,576,986 shares issued by the Company) to the senior management and other staff.

In order to assess the segment performance and resources allocation, the Group's management reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include current assets such as tangible assets, intangible assets, other long-term assets and receivables, but exclude deferred income tax assets and other unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred income tax liabilities are excluded.

Segment operating results represents segment revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation and impairment losses attributable to assets of individual segment, net interest expenditure generated from bank deposits and bank borrowings attributable to individual segment. Transactions conducted among segments are under similar non-related party transaction commercial terms.

The following segment information of the Group disclosed are used by the Group's management for the measurement of profit (loss), assets and liabilities of the reported segments, or not used by but provided to the Group's management on a regular basis.

Segment information as at and for the year ended 31 December 2016 is as follows:

Unit: RMB thousand

External revenue
Inter-segment revenue
Cost of sales from principal operations
Investment income/(losses) in associates and joint ventures
Assets impairment losses
Depreciation and amortisation expenses
Interest income
Interest expenses
Total profit/(losses)
Income tax expenses
Net profit/(losses)
Total assets
Total liabilities
Other material non-cash items:
– Other non-cash expenses/(income) other than depreciation and amortisation
– Long-term equity investments of associates and joint ventures
– The amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets

Segment information as at and for the year ended 31 December 2015 is as follows:

Unit: RMB thousand

Item	Containers 2015	Road transportation vehicles 2015	Energy, chemistry and liquid food equipment 2015	Offshore engineering 2015	Airport facilities equipment 2015	Logistics services 2015	Finance 2015	Property development 2015	Heavy trucks 2015	Others 2015	Elimination between segments 2015	Unallocated items 2015	Total 2015 (Restated)
External revenue	20,539,598	12,712,235	8,811,757	1,603,513	2,819,980	7,680,472	1,791,929	1,103,606	750,970	871,744	–	–	58,685,804
Inter-segment revenue	531,571	149,324	493,324	6,353,445	–	119,526	–	188,272	105,489	282,026	(8,222,977)	–	–
Cost of sales from principal operations	17,265,511	10,176,577	7,395,342	7,221,814	2,173,699	7,048,656	620,569	839,871	895,947	931,828	(7,171,092)	–	47,398,722
Investment income/(losses) in associates and joint ventures	(1,007)	1,723	678	–	–	29,112	11,988	207,810	(9,976)	(758)	–	2,079	241,649
Assets impairment losses	42,293	98,527	24,624	4,963	8,500	38,008	289,891	855	54,815	1,888	(11,307)	(1,887)	551,170
Depreciation and amortisation expenses	390,027	247,384	219,289	270,902	167,700	165,958	202,007	16,283	132,717	6,055	–	62,509	1,880,831
Interest income	265,045	53,313	35,492	157,267	1,673	10,961	189,358	18,515	6,635	847,075	(1,539,304)	26,353	72,383
Interest expenses	83,090	92,167	65,380	224,619	22,148	59,372	109,982	29,655	117,728	38,536	(1,281,470)	936,453	497,660
Total profit/(losses)	1,319,307	737,229	642,593	13,837	63,395	145,620	802,749	390,761	(328,611)	(166,615)	(119,859)	(197,936)	3,302,470
Income tax expenses	323,234	164,848	167,470	25,708	1,079	44,637	29,050	50,988	76,166	25,245	(13,836)	57,236	951,825
Net profit/(losses)	996,073	572,381	475,123	(11,871)	62,316	100,983	773,699	339,773	(404,777)	(191,860)	(106,023)	(255,172)	2,350,645
Total assets	18,486,132	10,922,436	13,542,110	29,872,981	3,324,900	4,169,531	23,495,376	4,258,299	3,871,077	5,931,754	(17,098,043)	6,280,512	107,057,065
Total liabilities	10,766,411	5,768,905	7,948,597	29,579,796	2,027,418	3,191,294	19,799,616	3,129,906	3,856,221	2,552,442	(50,552,665)	33,268,209	71,336,150
Other material non-cash items:													
– Other non-cash expenses/(income) other than depreciation and amortisation	(63,831)	74,613	(16,091)	220,680	(1,061)	24,221	299,752	1,022	53,873	(64,015)	(11,307)	162,314	680,170
– Long-term equity investments of associates and joint ventures	55,552	61,524	4,678	–	–	512,934	170,510	319,488	193,831	697,211	–	20,639	2,036,367
– The amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	1,293,041	595,316	708,469	4,630,629	688,978	333,190	7,314,797	42,481	195,887	879,363	–	4,889	16,687,040

CIMC Raffles, a subsidiary of the Group, entered into drilling platform construction contracts with relevant purchasers, which involve terms of compensation for delivery postponement. For certain contracts, the management expected the risk of delivery postponement which will incur the compensation is high, therefore the management decided to accrue a provision of estimated liabilities amounted to USD3,650,000 (equivalent to RMB25,320,000) (31 December 2015: USD8,225,000 (equivalent to RMB53,410,000)) in accordance with both the daily compensation amount written in the contracts and the expected postponed days with highest chance. In addition, the drilling platform construction contracts entered by CIMC Raffles and purchasers involve terms of quality guarantees, as at 31 December 2016, the Group has accrued a quality guarantee balance on delivered projects amounting to USD5,964,000 (equivalent to RMB38,150,000) (31 December 2015: Nil)

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH) (a subsidiary of the Group) provided guarantee to the mortgage loans by which some of its clients bought its mixer trucks, but some of the loans repayments have been overdue severely, the management expected there is possibility for YZTH to repay the loans for the clients, therefore they decided to accrue a provision amounting to RMB19,778,000 (31 December 2015: RMB26,530,000).

CIMC Raffles, a subsidiary of the Group, provided guarantees to its customers by way of vessel leasing. As at 31 December 2016, amounts of the guarantees were approximately RMB382,000,000 (31 December 2015: RMB477,500,000).

CIMC Vehicle Group, a subsidiary of the Group, signed contracts with China Merchants Bank, China Everbright Bank, China Construction Bank, Bank of Communications, Bank of China and CIMC Finance Company, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its holding subsidiaries arising from purchase of vehicle products. As at 31 December 2016, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB1,031,416,000 (31 December 2015: RMB809,315,000).

CIMC Tianyu, and external banks provided guarantees to purchasers of commodity homes by the way of secured loans. The amount of guarantees provided by the Group was RMB733,443,000 as at 31 December 2016 (31 December 2015: RMB537,417,000).

C&C Trucks, a subsidiary of the Group, and its holding subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of them arising from purchase of vehicle products. As at 31 December 2016, the aggregate amount of credit facilities in respect of which C&C Trucks and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB386,879,000 (31 December 2015: Nil).

The Group does not recognise notes payable or letters of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued. As at 31 December 2016, the Group had notes payable issued but not accounted for and outstanding letters of credit of RMB935,125,000 and RMB207,888,000, respectively, totalling RMB1,143,013,000 (31 December 2015: RMB1,022,074,000).

As at 31 December 2016, balance of outstanding guarantees issued by the parent company of the Group for the subsidiaries of the Group was RMB915,000,000 and USD20,000,000 (equivalent to RMB138,740,000), totalling RMB1,053,740,000.

As at 31 December 2016, CMIC Raffles, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totalling USD130,565,000 (equivalent to RMB905,730,000), of which the balance of advance payment guarantees, quality guarantees and performance guarantees were USD106,120,000 (equivalent to RMB736,154,000), USD21,753,000 (equivalent to RMB150,904,000) and USD2,692,000 (equivalent to RMB18,672,124)) respectively (total balance as at 31 December 2015: RMB986,776,000).

As at 31 December 2016, the Group's subsidiary CIMC Enric and its subsidiaries had outstanding balance of guarantees issued by relevant banks totalling RMB779,018,000, of which balance of performance guarantees and prepayment guarantees was RMB420,801,000, and balance of advance payment guarantees was RMB358,177,000 (total balance as at 31 December 2015: RMB777,036,000).

As at 31 December 2016, CIMCSV, a subsidiary of the Group, had outstanding balance of performance guarantees issued by banks amounting to RMB442,000 (31 December 2015: Nil).

As at 31 December 2016, TLC, a subsidiary of the Group, had outstanding balance of guarantees issued by banks totalling RMB2,844,000, of which the balance of performance guarantees and bid guarantees were RMB798,000 and RMB2,046,000, respectively (31 December 2015: Nil).

As at 31 December 2016, Qingdao Reefer (青島冷箱), a subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks amounting to RMB10,478,000 (31 December 2015: Nil).

As at 31 December 2016, CIMC Tianda, a subsidiary of the Group, had outstanding balance of guarantees issued by banks amounting to RMB682,818,000 (31 December 2015: RMB625,391,000), of which balance of performance guarantees, quality guarantees, bid guarantees and payment guarantees was RMB372,613,000, RMB39,587,000, RMB22,867,000 and RMB247,751,00, respectively.

As at 31 December 2016, balance of outstanding guarantees issued by CIMC Finance Company, a subsidiary of the Group, for our subsidiaries were RMB28,396,000, of which balance of performance guarantees, quality guarantees, margin guarantees and payment guarantees was RMB17,488,000, RMB1,708,000, RMB7,200,000 and RMB2,000,000 (31 December 2015: Nil), respectively.

As at 31 December 2016, Zhenhua Logistics (振華物流), a subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks amounting to RMB42,125,000 (31 December 2015: Nil).

CIMC Raffles, a subsidiary of the Company, entered into drilling platform construction contracts with relevant purchasers, and the platform had been delivered to them in 2015. The purchasers believed that the deliverables could not fulfil the technical requirements written in the construction contract, hence they asked CIMC Raffles to pay them compensation amounting to USD2,000,000. As at the date of the Announcement, the final result of the litigation has not been reached. The management expected that there was a high risk to pay the compensation, hence they decided to accrue a provision of estimated liabilities valued USD2,000,000 (equivalent to RMB13,874,000) in 2016 (31 December 2015: RMB12,987,000).

Unit: RMB thousand

		2015
Fixed assets purchase contracts entered but not performed or performed partially		10,657
External investment contracts entered but not performed or performed partially		556,006
Vessels manufactured for sales or lease		383,489
External investments approved by the Board		10,029
Total		960,181

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

Unit: RMB thousand

		31 December 2015
Buildings, machinery and equipment		10,029

Unit: RMB thousand

		31 December 2015 (Restated)
Current assets		43,530,325
Less: Current liabilities		45,922,271
Net current assets		(2,391,946)

		31 December 2015
Current assets		18,581,257
Less: Current liabilities		12,652,519
Net current assets		5,928,738

Unit: RMB thousand

	31 December 2015 (Restated)
Total assets	107,057,065
Less: Current liabilities	45,922,271,6479.055

The Group or any of its subsidiaries did not sell any listed securities of the Company or any of its subsidiaries, nor did it repurchase or redeem any of the securities of the Company during the twelve months ended 31 December 2016.

The Company has adopted the provisions in relation to dealing in shares of the Company by directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “ ”) contained in Appendix 10 of the Hong Kong Listing Rules. Each director and supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the reporting period.

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

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of the code provisions A.2.7 and A.6.7. Particulars of the deviations and the factors taken for consideration are set out below.

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

Corporate Governance Code A.6.7 requires that “Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders”. PAN Zhengqi, an independent non-executive director, failed to attend the 2015 annual general meeting, the first 2016 A shareholders’ class meeting and the first 2016 H shareholders’ class meeting due to work reasons; PAN Chengwei and WONG Kwai Huen, Albert failed to attend the first 2016 extraordinary general meeting due to work reasons; and Mr. WANG Yuhang, Mr. WANG Zhixian and Mr. LIU Chong failed to attend the first 2016 extraordinary general meeting due to work reasons.

The Audit Committee has been formed by the Board of the Company pursuant to Appendix 14 of the Hong Kong Listing Rules, which comprises Mr. PAN Chengwei (chairman), Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert. The Audit Committee of the Company has reviewed and affirmed the annual results of the Group for the year 2016.

By order of the Board

Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises Mr. WANG Hong (Chairman), Mr. WANG Yuhang (Vice chairman), Mr. WANG Zhixian and Mr. LIU Chong as non-executive directors; Mr. MAI Boliang as an executive director; and Mr. PAN Chengwei, Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert as independent non-executive directors.