CIMC 中集

CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.
中國國際海運集裝箱（集團）股份有限公司

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

(H Share Stock Code: 2039)
(A Share Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 (SUMMARY OF THE 2015 ANNUAL REPORT)

1 IMPORTANT NOTICE

1.1 The Board of Directors (the "**Board**") of China International Marine Containers (Group) Co., Ltd. (the "**Company**"), 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 2015 (the "**Results Announcement**"), 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 2015 (the "**2015 Annual Report**").

The Results Announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com). The Results Announcement is a summary of the 2015 Annual Report and the full version of the 2015 Annual Report will be posted on the above websites in due course.

1.2 The 2015 Annual Report and the Results Announcement have been approved at the second meeting of the 7th session of the Board in 2016. All directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2015 Annual Report and the Results Announcement.

1.3 The financial statements of the Company and its subsidiaries (the "**Group**") have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). The financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP ("**PricewaterhouseCoopers**"), who has issued an audit report with unqualified opinions on the financial statements. The figures in respect of the Results Announcement have been agreed by PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the Results Announcement.

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

1.5 Mr. Wang Hong, Chairman of the Board, Mr. Mai Boliang, CEO and President of the Company, and Mr. Jin Jianlong, General Manager of the Finance Department of the Company, warrant the truthfulness and completeness of the financial statements in the 2015 Annual Report and the Results Announcement.

1.6 The proposed profit distribution plan of the Company as considered and approved by the Board is based on the total share capital of the Company as at the date of dividend payment record for 2015, a cash dividend of RMB2.20 (tax inclusive) per 10 shares will be distributed to all shareholders, no bonus shares will be issued, and no share will be converted from reserves into share capital. The proposed dividend is expected to be payable on or around 20 July 2016. The annual dividend-distribution plan for 2015 shall be submitted to the Company's annual general meeting for consideration and approval.

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

1.8 The reporting period (the "**Reporting Period**") means the twelve months started from 1 January 2015 and ended on 31 December 2015.

1.9 This announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law as a joint venture on 14 January 1980 and was named as "China International Marine Containers Co., Ltd." (中國國際海運集裝箱股份有限公司). After being restructured as a joint stock limited company in December 1992, and publicly offered A shares and B shares which were listed on the Shenzhen Stock Exchange in 1994, the Company changed its name to "China International Marine Containers (Group) Co., Ltd." (中國國際海運集裝箱(集團)股份有限公司) in 1995. The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994 and its H shares were listed by introduction on the main board of the Hong Kong Stock Exchange on 19 December 2012. The Company is the first enterprise in China with its B shares converted into H shares listed on the main board of the Hong Kong Stock Exchange.

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

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

2.2 Contact Persons and Means of Communication

	Yu Yuqun Secretary to the Board, Company Secretary	**Wang Xinjiu** Representative of Securities Affairs	**Shen Yang** 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

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH CASBE

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

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

Unit: RMB thousand

	2015	2014	Changes from previous year to this year (%)	2013
Revenue	**58,685,804**	70,070,855	(16.25%)	57,874,411
Net profit attributable to shareholders and other equity holders of the parent company	**1,974,005**	2,477,802	(20.33%)	2,180,321
Net profit attributable to shareholders and other equity holders of the parent company after deducting non-recurring profit or loss	**1,721,222**	2,142,682	(19.67%)	1,343,090
Net cash flows from operating activities	**(3,610,223)**	6,434,477	(156.11%)	2,749,926
Basic earnings per share (RMB/share)	**0.72**	0.93	(22.58%)	0.82
Diluted earnings per share (RMB/share)	**0.71**	0.92	(22.83%)	0.81
Weighted average return on net assets (%)	**8%**	12%	(4%)	11.00%

	As at 31 December 2015	As at 31 December 2014	Changes from previous year to this year (%)	As at 31 December 2013
Total assets	**106,763,171**	87,776,181	21.63%	72,605,972
Net assets attributable to shareholders and other equity holders of the parent company	**28,541,319**	22,290,314	28.04%	20,674,037

3.2 Key Accounting Data of the Group for the Last Five Years

Unit: RMB thousand

Income Statement Items	2015	2014	Changes from the previous year to this year (%)	2013	2012	2011
	For the year ended 31 December					
Revenue	**58,685,804**	70,070,855	(16.25%)	57,874,411	54,334,057	64,125,053
Operating profit	**2,943,736**	3,297,874	(10.74%)	3,370,835	2,639,441	4,735,293
Profit before income tax expense	**3,206,352**	3,570,416	(10.20%)	3,562,720	2,907,380	5,022,706
Income tax expense	**934,391**	536,488	74.17%	928,222	976,950	1,363,768
Profit for the year	**2,271,961**	3,033,928	(25.11%)	2,634,498	1,930,430	3,658,938
Including:						
Net profit attributable to shareholders and other equity holders of the parent company	**1,974,005**	2,477,802	(20.33%)	2,180,321	1,939,081	3,690,926
Non-controlling interest	**297,956**	556,126	(46.42%)	454,177	(8,651)	(31,988)
Net profit attributable to shareholders and other equity holders of the parent company after deducting non-recurring profit or loss	**1,721,222**	2,142,682	(19.67%)	1,343,090	1,706,490	3,579,162

Unit: RMB thousand

Assets and liabilities Items	2015	2014	Changes from the previous year to this year (%)	2013	2012	2011
	As at 31 December					
Total current assets	**43,530,325**	45,172,177	(3.63%)	41,169,668	38,346,189	40,727,025
Total non-current assets	**63,232,846**	42,604,004	48.42%	31,436,304	24,646,191	23,634,689
Total assets	**106,763,171**	87,776,181	21.63%	72,605,972	62,992,380	64,361,714
Total current liabilities	**45,921,237**	43,340,077	5.96%	32,576,349	25,540,032	31,236,333
Total non-current liabilities	**25,347,058**	17,153,989	47.76%	15,533,495	15,335,191	11,511,709
Total liabilities	**71,268,295**	60,494,066	17.81%	48,109,844	40,875,223	42,748,042
Equity attributable to shareholders and other equity holders of the parent company	**28,541,319**	22,290,314	28.04%	20,674,037	19,513,176	18,633,154
Equity attributable to non-controlling interest	**6,953,557**	4,991,801	39.30%	3,822,091	2,603,981	2,980,518
Total equity	**35,494,876**	27,282,115	30.10%	24,496,128	22,117,157	21,613,672

Unit: RMB thousand

Cash Flow Items	For the year ended 31 December **2015**	2014	Changes from the previous year to this year (%)	2013	2012	2011
Net cash flows from operating activities	**(3,610,223)**	6,434,477	(156.11%)	2,749,926	2,242,919	2,254,437
Net cash flows from investing activities	**(12,584,781)**	(11,553,782)	(8.92%)	(6,504,459)	(1,559,348)	(3,576,060)
Net cash flows from financing activities	**16,505,663**	3,940,986	318.82%	3,632,937	(2,889,667)	4,507,951

3.3 Key financial indicators of the Group for the last five years

Key Financial Indicators	**2015**	2014	Changes from the previous year to this year (%)	2013	2012	2011
Basic earnings per share attributable to shareholders of the parent company (RMB/share)	**0.72**	0.93	(22.58%)	0.82	0.73	1.39
Diluted earnings per share attributable to shareholders of the parent company (RMB/share)	**0.71**	0.92	(22.83%)	0.81	0.73	1.37
Net cash flows from operating activities per share (RMB)	**(1.35)**	2.41	(156.02%)	1.03	0.84	0.85
Weighted average return on net assets after deducting non-recurring profit or loss (%)	**7%**	10%	(3%)	7%	9%	20%

	As at 31 December 2015	As at 31 December 2014	Changes from the previous year to this year (%)	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Net assets per share attributable to shareholders of the parent company (RMB/share) (Total shares based on ordinary shares outstanding at the end of the year)	**8.90**	8.34	6.71%	7.77	7.33	7.00
Weighted average return on net assets (%)	**8%**	12%	(4%)	11%	10%	21%

3.4 Non-recurring profit or loss items of the Group for the last three years

Unit: RMB thousand

Item	2015	2014	2013
Loss on disposal of non-current assets	**(17,588)**	(33,210)	(23,297)
Government grants recognised in profit or loss for the current period	**298,893**	294,996	155,423
Gains from the excess of the fair value of attributable identifiable net assets of the investee upon acquisition over the cost of acquisition	**–**	–	35,017
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	(4,792)
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 or loss arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities relating to the Group's ordinary activities	**56,964**	(127,662)	751,148
Net gains or loss from disposal of subsidiaries	**3,333**	(8,278)	915
Reversal accounts receivable provided for bad debts on an individual basis	**12,461**	80,784	7,110
Fund appropriation fee received from non-financial institutions recognised in the profit/loss for the period	**–**	–	4,793
Other non-operating income and expenses other than the above items	**(18,689)**	10,756	24,742
Other profit/loss items defined as non-recurring profit/loss items	**18,330**	155,860	–
Effect of income tax	**(84,562)**	(38,082)	(83,152)
Effect of minority interests (after tax)	**(16,359)**	(41,907)	(30,676)
Total	**252,783**	335,120	837,231

4 SHAREHOLDINGS AND SHAREHOLDING STRUCTURE CHART

4.1 Number of Shareholders and Shareholdings

The total number of shareholders of the Company as at 31 December 2015 was 76,542, including 76,531 holders of A shares and 11 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 "Hong Kong Listing Rules").

As at 31 December 2015, the Company had totally 2,977,819,686 shares in issue, including 1,261,243,077 A shares and 1,716,576,609 H shares.

The total number of shareholders of the Company as at 29 February 2016, being the end of the month preceding this announcement was 82,863, including 82,853 holders of A shares and 10 registered holders of H shares.

4.2 Shareholdings of the top ten shareholders as at the end of the Reporting Period (prepared according to the relevant provisions of domestic securities regulatory rules)

		Shareholdings of the shareholders who hold above 5% or the top ten shareholders				
Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions
HKSCC Nominees Limited *(Note 1)*	Foreign legal person	48.03%	1,430,324,209	(96,100)	–	1,430,324,209
COSCO Container Industries Limited *(Note 2)*	Foreign legal person	16.70%	497,271,481	65,099,638	–	497,271,481
Promoter Holdings Limited *(Note 2)*	Foreign legal person	4.80%	143,048,050	143,048,050	–	143,048,050
China Securities Finance Corporation Limited	State-owned legal person	2.70%	80,414,719	80,414,719	–	80,414,719
Broad Ride Limited *(Note 2)*	Foreign legal person	2.62%	77,948,412	77,948,412	–	77,948,412
Central Huijin Asset Management Ltd.	State-owned legal person	1.28%	37,993,800	37,993,800	–	37,993,800
Taikang Life Insurance Company Limited -Dividend- Personal Dividend – 019L – FH002 Shenzhen	Domestic non-state-owned legal person	0.51%	15,289,015	(5,340,118)	–	15,289,015
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	9,566,600	–	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	9,566,600	–	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	9,566,600	–	9,566,600
Explanation on the relationship or concerted action of the above mentioned shareholders		None				

Note 1: As at 31 December 2015, HKSCC Nominees Limited was the registered holder of the 1,430,324,209 H shares, of which 679,927,917 H shares of the Company were held by various subsidiaries of China Merchants Group Limited, 180,742,543 H shares of the Company were jointly held by Long Honour Investments Limited and COSCO Container Industries Limited, the subsidiaries of COSCO and 137,255,434 H shares of the Company were held by Hony Capital Management Limited.

Note 2: As at 31 December 2015, the 65,099,638, 143,048,050 and 77,948,412 H shares, which were subscribed by COSCO Container Industries Limited, Promotor Holdings Limited and Broad Ride Limited, respectively, had not deposited with HKSCC Nominees Limited.

4.3 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

So far as the directors are aware, as at 31 December 2015, the persons other than a director, supervisor or senior management of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class (%)	Percentage of such shares in the total share capital (%)
China Merchants Group Limited ("**China Merchants Group**")[1]	H shares	679,927,917(L)	Interest of corporation controlled by the substantial shareholder	39.61%	22.83%
China Ocean Shipping (Group) Company ("**COSCO**")[2]	A shares	432,171,843	Interest of corporation controlled by the substantial shareholder	34.27%	14.51%
	H shares	245,842,181(L)	Interest of corporation controlled by the substantial shareholder	14.32%	8.26%
Hony Capital Management Limited[3]	H shares	215,203,846 (L)	Interest of corporation controlled by the substantial shareholder	12.54%	7.23%
Promotor Holdings Limited[4]	H shares	143,048,050 (L)	Beneficial holder	8.33%	4.80%
Templeton Asset Management (Singapore) Ltd.	H shares	99,522,297 (L)	Investment manager	5.80%	3.34%

(L) Long position

Note 1: China Merchants Group, through various subsidiaries, had an interest in the H shares of the Company, and all the 679,927,917 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: COSCO, through various subsidiaries, had an interest in the A shares and H shares of the Company, and all the 432,171,843 A shares (long position) and 245,842,181 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder. On 11 December 2015, COSCO (Hong Kong) Group Limited ("COSCO HK"), a subsidiary of COSCO, and China Shipping Container Lines (Hong Kong) Co., Limited ("CSHK") entered into the equity purchase agreement in relation to the sale and purchase of the 100% equity interest in Long Honour Investments Limited (the "Long Honour S&P Agreement"), pursuant to which COSCO HK proposed to transfer the entire equity interest in Long Honour Investments Limited ("Long Honour") to CSHK. Long Honour is a wholly-owned subsidiary of COSCO HK, and directly holds 25,322,106 H shares of the Company, and indirectly holds 432,171,843 A shares and 220,520,075 H shares of the Company through COSCO Container Industries Limited, representing a total shareholding of approximately 22.77% of the total issued share capital of the Company. As at 31 December 2015, the Long Honour S&P Agreement has not yet been completed.

Note 3: Hony Capital Management Limited, through various subsidiaries such as Broad Ride Limited, had an interest in the H shares of the Company, and all the 215,203,846 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 4: Promotor Holdings Limited had an interest in the H shares of the Company, and all of the 143,048,050 H shares were held in its capacity as the beneficial holder.

Save as disclosed above and so far as the directors are aware, as at 31 December 2015, no other person (other than a director, supervisor or senior management of the Company) had any interests recorded in the register of interests and short positions in shares required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

4.4 Information on Substantial Shareholders

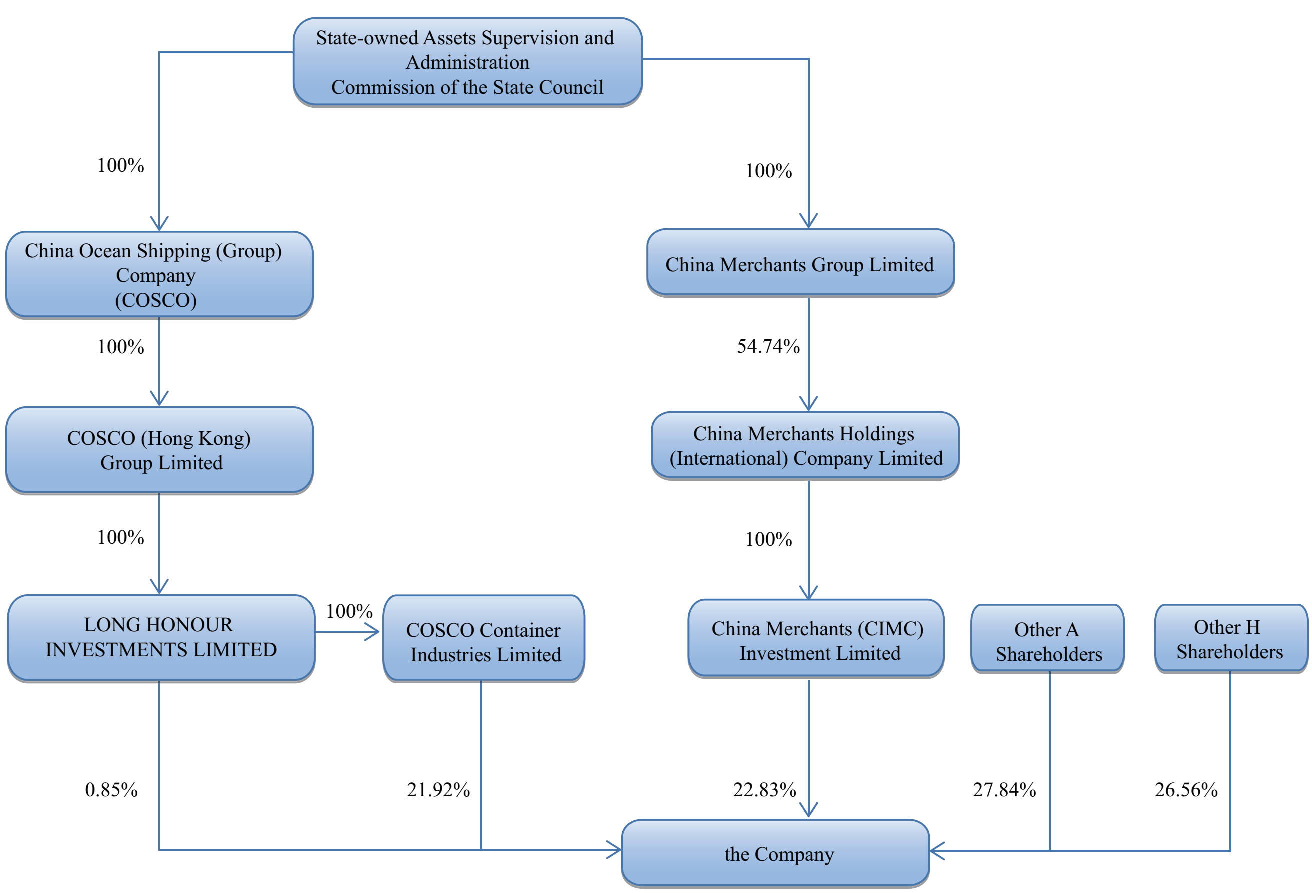
The Company had no controlling shareholder or actual controller during the Reporting Period. As of the end of the Reporting Period, the substantial shareholders of the Company are China Merchants Group and COSCO.

China Merchants Group was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10,050 million and its chairman of the board of directors is LI Jianhong. At present, China Merchants Group's core business sectors focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management.

COSCO was incorporated on 27 April 1961 in the PRC. Its registered capital is RMB4,103.367 million and its chairman of the board of directors is MA Zehua. COSCO is an international company with businesses covering marine transportation, logistics terminals, ship building and repairing.

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

Chart of Shareholding Structure between the Company and the Substantial Shareholders as at the end of the Reporting Period



5 DIRECTORS' REPORT

5.1 Overview

In 2015, the global economic recovery remained slow; international trade and investment remained in the doldrums and crude oil prices frequently hit record lows, under such a background, the development of developed economies and emerging economies differentiated. The U.S. economy revived moderately and its U.S. dollars entered into the rate increase cycle. The European economy improved slightly overall. Affected by the weak external demand, U.S. dollars appreciation and other factors, the emerging markets and developing economies continued to slow down their growth. China's economic development entered into a "new normal", with economic growth slowing down, resulting in a moderate annual GDP growth of 6.9%.

During the Reporting Period, the Group's revenue amounted to RMB58.686 billion (2014: RMB70.071 billion), representing a year-on-year decrease of 16.25%, and its net profit attributable to shareholders and other equity holders of the parent company amounted to RMB1.974 billion (2014: RMB2.478 billion), representing a year-on-year decrease of 20.33%. Its basic earnings per share was RMB0.72 (2014: RMB0.93), representing a year-on-year decrease of 22.58%. Among the Group's principal businesses, the revenue of container, road transportation vehicle and logistics service businesses declined; the energy, chemical and liquid food business and the offshore engineering business recorded sharp falls in their revenues due to sluggish industrial environments; the airport facilities equipment business remained basically stable in its revenue; while real estate and finance businesses reported a significant increase in their revenues.

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 this announcement.

Consolidated Operating Results

Unit: RMB thousand

	2015	2014	Percentage change (%)
Revenue	**58,685,804**	70,070,855	(16.25%)
Operating profit	**2,943,736**	3,297,874	(10.74%)
Net profit attributable to shareholders and other equity holders of the parent company	**1,974,005**	2,477,802	(20.33%)
Net cash flows from operating activities	**(3,610,223)**	6,434,477	(156.11%)
Net increase/(decrease) in cash and cash equivalents	**323,872**	(1,246,245)	126.00%

5.2 Review of Principal Businesses of the Group during the Reporting Period

Container Manufacturing Business

The Group's container manufacturing business mainly deals with standard dry containers, reefer containers, special reefers and Modular Building. The Group has the capacity to produce a full series of container products with independent intellectual property rights. The special reefers and Modular Building business mainly include 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers, Modular Building and other products. During the Reporting Period, the Group remained at top No. 1 in terms of output and sales of containers in the industry.

In 2015, due to the slowdown in global trade and the sharp decline in growth of container trade, customer demand for containers slowed down, leading to the market demand subdued. Although fuel costs continued to decrease, intensified supply and demand imbalances in the shipping industry and deteriorating profits of container shipping companies resulted in weakened container purchases from customers. In addition, the high container inventory in the industry also needed to be digested. Affected by these, the annual overall capacity across the container manufacturing industry shrunk and the competition pattern of the industry was relatively stable with intensified competition.

In 2015, the Action Plan for Air Pollution Prevention and Control was continuingly and thoroughly carried out in all regions in China domestically for further strengthened control on multi-pollutants, strict enforcement and supervision on environmental protection, and improvement on the environment and air quality. The implementation of the plan brought not only pressure in environmental protection to China's traditional manufacturing industries such as the container industry, but also opportunities for their transformation and upgrading. In terms of emissions of volatile organic chemicals (VOCs), the application and promotion of environment-friendly technologies or materials, represented by water-based paint, solvent recovery, environmental protection floor, and cyclopentane blowing agent (replacing Freon) etc., will be accelerated in the container industry.

During the Reporting Period, the total sales of the Group's ordinary dry containers were 1,120,300 TEUs (2014: 1,385,300 TEUs), representing a year-on-year decrease of 19.13%. The total sales of reefer containers were 181,400 TEUs (2014: 128,800 TEUs), representing a year-on-year increase of 40.84%. The container business recorded revenue of RMB21.071 billion (2014: RMB23.813 billion), representing a year-on-year decrease of 11.51%, and the net profit was RMB996 million (2014: RMB710 million), representing a year-on-year increase of 40.21%. The ordinary dry containers achieved sales revenue of RMB11.386 billion (2014: RMB15.953 billion), representing a year-on-year decrease of 28.63%; reefer containers achieved sales revenue of RMB5.168 billion (2014: RMB4.225 billion), representing a year-on-year increase of 22.31%; special reefers and Modular Building achieved sales revenue of RMB4.491 billion (2014: RMB4.198 billion), representing a year-on-year increase of 6.96%. During the year, the decrease in revenue was mainly due to the decline in the selling prices of containers resulting from ongoing falls in costs of steel and other raw materials and the reduction of total orders caused by weak demand; the increase in net profit was mainly attributable to the growth of the reefer container business.

In 2015, the container business of the Group took response to the rapid changes in orders and the market with its optimised organisational structure, therefore, its market share in the global container market steadily rose. In the first half of 2015, the Group seized the favourable opportunity brought by a recovery in the market and continued to increase the production efficiency to meet the market demand during the peak period through exploring internal potentials. In the second half of the year, being a slack period, the Group implemented technological upgrading and environmental protection projects and continued to promote the entire upgrade of the container business. During the Reporting Period, the relocation project of dry cargo containers in Fenggang of Dongguan City and relocation of the Qingdao cold chain industry park project were in an orderly way, and the annual investment in technological upgrading projects achieved an implementation rate of above 85%. When expanding into the overseas markets, the Modular Building business also actively explored opportunities in the domestic market. Shenzhen Qianhai Business Innovation Centre, the largest modularised office building project in the world undertaken by CIMC Modular Building, was completed smoothly. This project only took half of a year from contract signing to delivery.

During the Reporting Period, the Group finally won the anti-dumping and countervailing investigation case in the U.S. against its containers after one year's efforts, achieving historic victory for the Chinese manufacturing. For more details, please refer to the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 20 May 2015, and the announcements disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) ([CIMC] 2015-033) on 21 May 2015. Furthermore, the Group (as a plaintiff) won the case of a seven-year's dispute over a patent infringement on the APC transport platform for its inland North American containers. Upholding the value of respecting the intellectual property rights, the Group safeguarded its legal rights and interests of its shareholders, which was also beneficial to improve the industry environment and the sustainable development of the container industry at the same time.

Road Transportation Vehicle Business

With a strategic vision of "relying on domestic competitive strengths to offer global customers first-class land logistics equipment and services" and adhering to the strategic development of the full value chain businesses including the design and development of products, manufacturing and delivery of products, sales and services, customer tracking and feedback and others, CIMC Vehicle (Group) Co., Ltd. ("CIMC Vehicle"), a subsidiary of the Group, has established different product lines for special vehicles consisting of 10 series and more than 1,000 models, including container semi-trailers, flatbed/staked-side semi-trailers, low-flatbed semi-trailers, vehicle loaded semi-trailers, stake trucks, van trucks, tank trucks, dump trucks, sanitation trucks and special vehicles.

In 2015, the world economy remained in slow recovery. The demand for semi-trailers in the North American market continuingly recovered. The demand for semi-trailers in the European market remained weak. The economies in emerging markets were mixed on falling international oil prices. GDP and fixed assets investment growth slowed down in China. The growth of sales of special vehicles domestically declined to a large extent.

The Chinese government developed several strict control policies in 2015 to tighten standards for and improve the levels of the supervision and regulation of the special vehicle industry. The State's mandatory standard "Limitation on Overall Dimensions, Axle Load and Weight" to be promulgated soon will phase out the old vehicles. The advanced vehicles such as more environment-friendly side-curtain vehicles and refrigerator trucks are encouraged in the market to increase the transportation efficiency of semi-trailers. Many management standards for vehicles used to transport hazardous chemicals were in place to improve the quality and safety performance of tank trucks. From 1 July, the handling of declaration of relevant new products was suspended by China and the installation of emergency shutdown devices was mandatory for the non-compliant manufacturers of pressure-bearing tank trucks and tank trucks for hazardous goods under constant pressure. Pursuant to the Circular on Printing and Issuing the 2014 Implementation Solutions for the Elimination of Yellow Sticker Vehicles and Scrap Vehicles published by China's Ministry of Environmental Protection, it is expected to basically phase out the yellow sticker vehicles in Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta by the end of 2015; and all yellow sticker vehicles nationwide by the end of 2017. With the introduction of several standards and regulations, the industry would set on a path to standardise development.

During the Reporting Period, the road transportation vehicle business of the Group recorded a slight decline in its sales. During the year, the total sales were 113,900 units (sets) (2014: 115,200 units (sets)), representing a year-on-year decrease of 1.13%. The sales revenue was RMB12.862 billion (2014: RMB13.390 billion), representing a year-on-year decrease of 3.95%. The net profit was RMB572 million (2014: RMB648 million), representing a year-on-year decrease of 11.71%. During the Reporting Period, despite of its substantial growth and outstanding performance in the North American market and emerging markets, the road transportation vehicle business recorded a slight decline in both its annual sales revenue and net profit due to the sluggish demand in the Chinese market.

During the Reporting Period, the Group made targeted deployments according to the market trend and promoted 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: affected by the sharp fall in the growth of sales of special vehicles domestically, the sales of construction vehicles and semi-trailers of the Group declined on a year-on-year basis in 2015. However, due to proper operating strategy adjustments, the year-on-year decrease of domestic sales of the Group was smaller than that of the Chinese special vehicle industry and its market share rose against the trend. In respect of overseas markets: (1) in the North American market, capitalising on the market opportunities arising from the U.S. economic recovery, the Group recorded significant growth in the orders for its major products including dry cargo van trucks, refrigerator trucks and skeleton trucks and both its revenue and profit sharply increased as compared with the same period of previous year; (2) in the European market, further consolidation was conducted for the European business and the ordinary semi-trailer business was revived. During the Reporting Period, the factory in Poland was completed and put into operation; the Group tapped into the Russian market and the peripheral markets of Russia; (3) in the emerging markets, the Group increased its efforts on expanding the markets in the Southeast Asia and the Middle East with assembly centres established in Saudi Arabia, Vietnam and Hong Kong. During the year, the market share of the vehicle business of the Group in Saudi Arabia and Vietnam increased to 45% and 60% respectively. In addition. The vehicle business of the Group commenced construction of a platform for seven major technical products, accelerated the upgrading of manufacturing technologies and techniques fully and promoted the materialisation of semi-trailer technology upgrades and green and environmental protection product concepts in the factories in China, Europe, emerging markets and U.S.

During the Reporting Period, CIMC Vehicle introduced several strategic investors to establish a diversified and balanced shareholding structure so as to achieve the growth objectives for the next stage with a more aggressive attitude.

Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric Holdings Limited ("**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, 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.

In 2015, as the international oil price was traded in a low level and the Chinese government has been conducting the natural gas pricing reform in recent years, the price advantage of natural gas as an alternative fuel was notably weakened, undermining the momentum of the "oil to gas" projects in China and the attraction of natural gas as an alternative fuel. Consequently, the sales of natural gas equipment, in particular LNG trailers, LNG fuel tanks and LNG gas stations declined to different extents as compared with the previous year. Affected by these, the energy equipment segment of the Group recorded a significant fall in its turnover. Although the turnover of special tank containers grew strongly, the fall in demand for standard tank containers resulted in the fall in turnover of the chemical equipment business. The liquid food equipment business also recorded a decline in respect of its revenue, due to the declining contribution of turnover from the European subsidiary and the depreciation of the Euro against the Renminbi.

During the Reporting Period, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB9,305 million (2014: RMB12,916 million), representing a year-on-year decrease of 27.96%. The net profit was RMB475 million (2014: RMB1,044 million), representing a year-on-year decrease of 54.51%. The revenue from the energy equipment business of CIMC Enric was RMB3,397 million (2014: RMB5,422 million), representing a year-on-year decrease of 37.40%; the revenue from the chemical equipment business was RMB2,710 million (2014: RMB3,383 million), representing a year-on-year decrease of 19.90%; and the revenue from the liquid food equipment business was RMB2,135 million (2014: RMB2,462 million), representing a year-on-year decrease of 13.30%.

Under the unfavourable market environment, CIMC Enric kept providing its customers with quality products and services, and by virtue of its advanced R&D capability, conducted the R&D of new products and projects to expand business opportunities and satisfy the demands of its customers.

During the Reporting Period, the energy equipment segment of CIMC Enric is committed to increasing its market share of the core products in the PRC and further improving the production efficiency through production technique innovation, 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 LNG tanks with a capacity of 30,000 m^3, LNG gas stations in compliance with the American standards, unpiloted LNG gas stations, new large-diameter winding cylinder/tank/vehicle series products, high pressure hydrogen storage cylinders and hydrogen vehicles and large-scale process compressors, of which some new products have been launched to market. Besides, efforts were increased to expand the R&D project of LNG water application equipment and the equipment used for different energies.

The chemical equipment segment is 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. Such segment actively expanded the special tank containers business. During the year, various R&D projects were conducted, such as 20-foot ISO tank containers (gross weight: 39 tonnes), mobile underpan tank containers with lightweight structures, internationally universal low-temperature 20-foot tank containers, 20-foot tank containers with a super-large capacity of 30 m^3 and new internationalised high-performance 40-foot LNG tank containers.

With integration of the assets of Ziemann Group acquired in 2012, the liquid food equipment segment has become a solution provider of comprehensive turnkey projects for beer makers and other liquid food manufacturers. Vertically, it continued to improve the contracting capability in the beer brewing field to build the full contracting capability of the beer plant; horizontally, it actively expanded business to other liquid food industries in addition to beer (such as fruit juice storage and dairy product processing). Following the capacity expansion in China and the market network expansion in Asia through the acquisition of Ziemann Holvrieka Asia Company Limited in the second half of 2014, this segment will continue to introduce the advanced production technologies and automated processing technologies from Europe to China. In light of its advanced beer production equipment and know-how, such segment will move forward towards the goal of possession of vertically integrated EPC contracting capability and horizontally diversified businesses (such as fruit juice storage and dairy product processing).

Offshore Engineering Business

CIMC Raffles Offshore (Singapore) Limited ("**CIMC Raffles**"), a subsidiary of the Group, is the offshore engineering enterprise integrating design, construction and tests, 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 crane 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 majority of offshore engineering products.

In 2015, the global crude oil market suffered oversupply and the prices have been traded at a low level. Due to increasing costs and strained cash flows, oil companies cut investments in exploration and development by approximately 25% as compared with 2014 and postponed the development of some large projects. Daily rentals and utilisation of offshore oil drilling equipment dropped. International oilfield service companies recorded losses. The delivery of new projects was postponed or the orders were cancelled. During the year, there was no new order on the semi-submersible drilling platforms around the world; and there were only three orders on the jack-up drilling platforms, representing a year-on-year decrease of approximately 90%. Overall, new orders for offshore engineering equipment also fell by over 70%. Therefore, increasing efficiency and reducing costs became an industry-wide management focus.

Amidst the severe international market environment, in 2015, a series of industrial policies beneficial to the Group's development in respect of the offshore engineering business were launched in China: implementation of the strategic concept of the "Belt and Road" has brought opportunities for the high-end marine engineering equipment in China in the development of offshore oil and gas alongside; according to the Guidance on the Finance Industry Providing Support for the Transformation and Upgrading of the Shipbuilding Industry approved by the State Council in April, CIMC Raffles will get more support in terms of credit financing and other respects as one of the first offshore engineering "whitelist" members; in the strategy of "Made in China 2025" issued by the State Council in May, the offshore engineering equipment industry became one of the ten areas with key development; in the same month, Li Keqiang, Premier of the State Council of China visited the world's sole D90 project model of the 7th-generation ultra-deepwater semi-submersible drilling platform developed by CIMC Raffles during his visit to the "Chinese Equipment Manufacturing Exhibition" in Brazil, and further proposed the idea of upgrading "Made in China" with "Chinese Equipment" in June; in November, the "13th Five Year Plan" of the state announced the ocean to be a new room for development in its initiatives, and stated that marine resources shall be developed scientifically for the purpose of participating in formulation of international rules for deep seas and polar regions; still in November, CIMC Raffles became one of the first batch of seven shipyards meeting the standards of the offshore engineering industry released by the Ministry of Industry and Information Technology of the state and enjoyed preferential treatments in terms of financing and credit and other supports from the state's policies.

During the Reporting Period, the offshore engineering business of the Group recorded sales revenue of RMB7.957 billion (2014: RMB11.865 billion), representing a year-on-year decrease of 32.94%. Besides, the Group recorded a loss of RMB12 million (2014: a profit of RMB5 million). Such decrease in revenue was mainly attributable to the decrease in the project revenue which was recognised according to the stage of completion as compared with the same period of previous year.

During the Reporting Period, CIMC Raffles delivered one deepwater semi-submersible drilling platform, three jack-up platforms and two semi-submersible transport vessels: in April, "COSL Prospector", the fourth semi-submersible drilling platform delivered by China Oilfield Services Limited, was driven to South China Sea and was completed for its first drilling in July; in May, the jack-up drilling platform "CPOE 15" was delivered to CNPC Offshore Engineering Company Limited; in July, two 50,000-tonne semi-submersible transport vessels were delivered to 信群集團 and Zhenhua Heavy Industries at the same time; in September, a gas compression jack-up unit independently designed and constructed, was delivered to Coastal Contracts, a Malaysia-based company.

In respect of order construction: in June 2015, a deepwater semi-submersible living platform – CR600, 100% independently designed by CIMC Raffles, commenced operation; two D90s under construction of the world's first 7th-generation ultra-deepwater semi-submersible drilling platform progressed well since the operation commencement, and one of them held a ceremony of assembly in May; in November, upgrading services were provided to two ice-class semi-submersible drilling platforms owned by foreign shipping companies; in the same month, the completion ceremony of "North Dragon", the first semi-submersible drilling platform built for the NSR (a Norwegian company) was held successfully in the base of Yantai and the upper and lower parts of the second semi-submersible drilling platform were successfully assembled.

Since October 2010, CIMC Raffles has successfully delivered 8 semi-submersible drilling platforms and 10 jack-up drilling platforms, operating in North Sea of Europe, Brazil, West Africa, Middle East, Mexico, Caspian Sea, South China Sea and other mainstream offshore engineering markets globally with sound performances, wining recognition of mainstream markets and mainstream customers. As of the end of 2015, both the number of semi-submersible drilling platforms and the number of semi-submersible drilling platforms under construction delivered by CIMC Raffles occupied over 60% of the domestic market. CIMC Raffles has become the largest construction base of Semi-submersible drilling platforms in China, and is also the only domestic offshore engineering business which is capable of design and construction for mass semi-submersible drilling platforms.

As for R&D and design, the Group owned three design companies such as Bassoe Technology, Ocean Engineering Design & Research Institute of CIMC and Yantai CIMC Marine Engineering Academe, which located in Sweden, Shanghai and Yantai respectively, and functioned as the technology innovation platform, integrating the key enterprises in the industry, including U.S. ABS, Norway DNV and China CCS etc., educational and research institutions such as Ocean University of China, as well as design teams and core equipment vendors, to form a project-based collaborative R&D platform. Besides, a collaborative innovation platform, an international cooperation platform and a talent training platform with the offshore research institute as the carrier were established. In respect of economical deepwater semi-submersible drilling platforms jointly developed by China and Europe, several breakthroughs were achieved in independent R&D.

Logistics Service Business

The logistics service business of the Group is committed to offering logistics solutions for customers in different industries by utilising a series of logistics equipment and technologies to improve the logistics in the industries.The development idea of the Group's logistics service business is to build and perfect the global logistics network distribution, give full play to the core advantages of equipment logistics, adhere to the principle of "cargo value most (以貨為王)", base on customer demands, and integrate with the concept of "Internet plus", to build CIMC logistics' full supply chain solutions covering "equipment+logistics+finance". The Group intensified its efforts on development of equipment logistics, multimodal transport, cross-border logistics and systemic container services. After the phased integration completed at the beginning of 2015, the existing business lines are divided into container services, project logistics, integrated logistics, equipment logistics and supply chain logistic.

In 2015, the feature of "steadily and gradually rising" was seen in operation of the domestic logistics industry. The contribution of consumption on the demand for logistics continued to improve and the international logistics demand also turned better. The logistics demand structure continued to be optimised. The expansion of logistics scale slowed down while the logistics operating efficiency increased. However, affected by slowdown of recovery of the global economy and declining growth in the logistics demand, logistics prices went down and have been in a low level while logistics businesses remained difficult. However, the Chinese logistics industry maintained better development opportunities with successive promulgation of relevant industry planning and national strategies, thorough reforms on the traditional logistics industry and quality and effectiveness improvement in the logistics industry from "Internet plus".

During the Reporting Period, the Group's logistics service business achieved sales revenue of RMB7.8 billion (2014: RMB8.473 billion), representing a year-on-year decrease of 7.94%, and net profit of RMB101 million (2014: RMB138 million), representing a year-on-year decrease of 26.73%.

During the year, the Group proactively explored operation channels by capitalising on the business lines of the logistics service industry while reinforcing existing businesses.

- In respect of the container services business: by capitalising on the positive policies of the "Belt and Road" and the Yangtze River Economic Belt, it strictly followed the pace of industrial transfer. Through such means as foreign joint ventures, cooperation with rail terminals and establishment of its own container yards, it expanded outlets in the down and middle stream of Yangtze River and South China at home and Southeast Asia abroad to set up an improved network platform for the purpose of forming the capability for systematised logistics solutions. It also established comprehensive cooperation with internationally first-class shipping companies, to achieve complementary businesses. Meanwhile, it focused on the full value chain of container services and developed the special reefer business such as reefer containers and container houses based on modern technological means including informationalisation. Through establishment of a "cloud" platform for container operations, integration of resources and information of container yards was achieved for provision of integrated logistics solutions to owners of container ships.

- In respect of the integrated logistics business: by fully taking advantage of the port logistics resources and service advantages, it achieved smooth business cooperation with 北京首農集團. In the meantime, it focused on several product fields such as feed, forage grass, fruit, food and oil and gas, improved the entire industry chain with the integration of international procurement, logistics, finance, equipment, processing and sales, and finally achieved profits for multiple-segments. Following the development trend that cross-border e-commerce is encouraged across the country, capitalising on Tianjin's being approved as the eighth cross-border e-commerce pilot city nationwide, it vigorously promoted the design, system development and warehouse lease of the cross-border e-commerce business mode. It proactively explored the mode of commerce of "Logistics + Internet", independently researched and designed a transportation platform and basically identified the positioning and operating mode of the platform. The existing platform was consolidated and a coordinative platform with the transportation platform as the core and with CIMC characteristics was preliminarily formed.

- In respect of the project logistics business: the operation of semi-submersible vessels held by CIMC Logistics was sound in the Yamal LNG project cooperated by China and Russia. Sino-Worlink (Beijing) International Logistics Co., Ltd., whose consolidation was completed upon the acquisition, capitalised on its railway resource advantages to build the characteristic services of CIMC Logistics in the Belt and Road region and develop the characteristics of CIMC Logistics during the railway transformation so as to pursue business development opportunities and supplement the shortcomings of CIMC Logistics for the purpose of seeking business coordination opportunities for the Group's energy and chemical and vehicle business.

- In respect of the equipment logistics business: it preliminary formed a sound situation with advancement in both manufacture of "standardised equipment" and services of "professional and standardised logistics and lease" based on the strategic objectives of "manufacture + service". The Group's existing businesses completely penetrated into the entire supply chain, including equipment manufacturing, packaging and leasing, in-bound logistics, on-line distribution, finished product delivery and complete set export. Originally high-quality businesses such as manufacturing of logistics equipment including pallet containers, sea transportation and highway transportation for 53-foot containers, solutions for BUSDECK skeletal containers (applicable in exporting commercial vehicles) and solutions for stainless steel IBC (applicable in the packaging of specialised chemicals) steadily developed. At the same time, it proactively promoted the preliminary development of steel logistics and intensively explored and arranged for the multimodal transport for containers.

- In respect of the supply chain logistics business: in 2015, it focused on combing the organisational management structure and improving the internal management. Combined with the comprehensive advantages of its own oversea network, shipment and ports, it proactively tried the supply chain business of imported fruit and accumulated the operating experience in the full industry chain of fruit to deepen the vertically integrated service solutions in targeted industries and products.

Heavy Truck Business

The Group operates the heavy truck business through its subsidiary C&C Trucks Co., Ltd. ("**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 2015, the growth in domestic fixed assets investments slowed down and the real estate investments further declined. The infrastructure construction projects in numerous areas were operating under capacities. The traditional pillar industries suffered pressure of de-stocking and reducing production capacities and demand for heavy trucks slowed down with the weakening manufacturing industry overall. Meanwhile, with the national IV standard emission regulation implemented nationally at the beginning of the year, the national III standard trucks in stock were registered in advance at the end of 2014 and the prices of national IV standard trucks were higher than those of the national III standard trucks. The users' acceptance in some areas was not high. Affected by these, the overall sales of the domestic heavy truck market in 2015 fell sharply over 25% as compared with the same period of previous year. In respect of product structure, the sales and its percentage of total sales of engineering vehicles decreased, and high-end and high-horsepower tractors became the mainstream of the industry. Driven by development of the logistics and transport industry, increase in efforts on anti-overloading and the phase-out policy for yellow-labelled vehicles, the number of orders for artery logistics tractors, hazardous chemical transport vehicles, and port tractors increased year on year. As the crude oil prices declined and the price mechanism reform of the natural gas lagged behind, the sale volume of natural gas heavy trucks dropped sharply.

Under a weak market environment, during the Reporting Period, C&C Trucks recorded sales revenue of RMB856 million (2014: RMB1.059 billion), representing a year-on-year decrease of 19.13%, and recorded operating losses.

In 2015, C&C Trucks established a new management team, carried out a series of marketing activities through adjusting marketing functions, enriching the marketing teams and innovating the marketing mode and using the Internet, WeChat and other communication means. At the same time, it increased marketing efforts, launched new U and V series products and carried out more than 20 product promotion conferences, therefore, it continued to be awarded as the "Oil-saving Champion" of the eighth international truck oil-saving contest and was recognised as the title of "Tractor for 2016" in the National Selection of Annual Truck. In 2015, C&C Trucks increased efforts on improvement to the after-sale services and upgraded services, launched "smooth • fast experience" services, upgraded the intelligent management software of vehicles, i.e. "C&C Tong (聯合通)" and increased the timeliness and effectiveness of services through constantly optimising services and networks of accessories. In the meanwhile, it made great efforts to exert the synergistic effect of the Group, develop organisational customers and strengthen expansion of international markets.

Airport Facilities Equipment Business

The Group primarily operates its airport facilities equipment business through its holding company, Pteris Global Ltd. ("**Pteris**") (including Shenzhen CIMC-Tianda Airport Support Co., Ltd. ("**CIMC Tianda**")) and Albert Ziegler GmbH ("**Ziegler**"). The Group also integrates and achieves synergy with its subsidiary China Fire Safety Enterprise Group Limited ("**CFSE**") over the advantages of resources, of which principal business includes boarding bridges and stereo garage business, fire truck and rescue vehicle business, automated logistics systems and operating vehicle (including shuttle buses and lifting platform vehicles etc.) business.

In 2015, the new demands for airport facilities equipment grew steadily. Furthermore, the steady urbanisation process in China was conducive to the development of the Group's fire and rescue vehicle business and the stereo garage business. As China's economic development has entered into a "new normal", competition in various businesses of the airport segment might be aggravated; consequently, the re-shuffle in the fire vehicle, automated logistics and stereo garage industries will be accelerated. Under such circumstance, the Group's airport facilities equipment business may find new room for development through grasping opportunities brought forth by changes in the market.

During the Reporting Period, the Group's airport facilities equipment business recorded sales revenue of RMB2.820 billion (2014: RMB2.727 billion), representing a year-on-year growth of 3.41%. It achieved net profit of RMB62 million (2014: RMB87 million), representing a year-on-year decrease of 28.17%. Such decrease in net profit was mainly attributable to the decrease in the profit from fire vehicle business.

During the Reporting Period, the Group's airport facilities equipment business achieved its desired development goals and accomplished its business plans.

- Boarding bridge business: continued to record steady growth in its revenue and profitability, with the international marketing network further improved and the competitiveness in the global market further enhanced. The stereo garage business focused on the development of the basic business, which significantly strengthened its technical and manufacturing capability.

- Fire trucks and rescue vehicles business: Ziegler achieved a breakthrough in the Chinese market in 2015, preliminary presenting the effectiveness of business integration. On 27 February 2015, the Group entered into an agreement for assets transfer with CFSE (Hong Kong stock code: 445). The Group agreed to transfer 40% shares of Ziegler to CFSE, and obtained 30% shares of CFSE as enlarged as the consideration. On 10 July 2015, the agreement for assets transfer was completed and Ziegler became an associated company of CFSE and also an indirect non-wholly-owned subsidiary of the Group. The Group became the single largest shareholder of CFSE and owned its 30% shares. CFSE became an associated company of the Group. Following completion of the acquisition, the superior resources of Ziegler and CFSE will achieve mutual coordination and sharing under the unified deployment of the Group's airport facilities equipment business segment, thus forming stronger market competitiveness and laying a good foundation for fire rescue services to further expand in the Chinese market.

- Automated logistics systems business: in 2015, the off-airport business of the airport segment focused on automation warehousing system business, and gained relative advantages in areas like airport, machinery and energy and chemical. Meanwhile, it increased resource investment and enhanced software integration technology.

- Engineering vehicle business: the shuttle bus business achieved growth and optimised its connotation, with its technology advantages starting shining. In respect of the lifting platform vehicle business, following consolidation upon acquisition of the French enterprise Air Marrel, 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

In 2015, the domestic economy stabilised but the downside pressure still existed. The Chinese government proposed policies to reduce property inventories to boost the sustained property development and stimulate potential demand. It embarked on adjustments from both supply and demand through the implementation of the principle of "both supply and restriction available" in respect of the supply and through the policies including lowered house purchase threshold and down payment for commercial loans in respect of the demand to bolster the healthy and stable development of the real estate industry. With several rounds of favourable policies, driven by the growing confidence of the property market, the domestic real estate market picked up steadily as a whole throughout the year with the overall transactional volume hitting a new high. The housing demand was prosperous in first-tier cities and some second-tier and third-tier cities with rapidly rising house prices, while the overall performance was weak in third-tier and fourth-tier cities with increasing transactional volume and obviously decreasing house prices.

During the Reporting Period, the Group's real estate development business recorded revenue of RMB1.292 billion (2014: RMB1.136 billion), representing a year-on-year increase of 13.71%, and net profit of RMB340 million (2014: RMB204 million), representing a year-on-year increase of 66.84%. Such increase in net profit was mainly due to the increase in investment income recognised via the equity method of the Group's associated company, Shanghai Fengyang Real Estate Development Co., Ltd.

During the Reporting Period, the first phase of the first industrial estate project of the Group – Dongguan CIMC Intelligence Valley was put into operation and a batch of famous enterprises including the headquarters of CIMC Containers and Beijing Cisri-Gaona Materials & Technology Co., Ltd. were introduced, therefore, a CIMC cloud entrepreneur service platform was established and a mode for development and operation services within the industrial park zone was preliminarily set up.

On 23 July 2015, the Implementation Plan for the Construction of Qianhai & Shekou Area (Shenzhen) of China (Guangdong) Pilot Free Trade Zone was duly announced, which plan determined that centring around the overall objective which is to build the Qianhai Area into a demonstration area for in-depth cooperation among Guangdong, Hong Kong and Macao, a key hub for the 21st Century Maritime Silk Road, and a first mover of the new round of nationwide reform and opening-up, the Qianhai Area focuses on finance, modern logistics, information services, technology services and other strategically emerging services, to be established as a pilot and demonstration window for the opening-up of the Chinese financial industry, an important world base for trade in services and an international hub port. The Group is aiming to build the land parcel owned in the Qianhai Area into a demonstration area for maritime finance and high-end services. At present, the Group is in close negotiation with the relevant national ministries and commissions and Shenzhen Municipal Government with regard to concrete proposals on the development of the land parcel.

Financial Business

The Group's financial business is devoted to establish a financial service system which matches the Group's strategic role as a leading manufacturer in the world, to enhance the efficiency and effectiveness of the Group's internal capital utilisation, and to provide various financial measures for the Group's strategy extension, business model innovation, industrial structure optimisation and overall competitiveness enhancement. The main operating subsidiaries consist of CIMC Financial Leasing Co., Ltd. ("**CIMC Financial Leasing Company**"), CIMC Finance Co., Ltd. ("**CIMC Finance Company**") and Shenzhen Sky Capital Co., Ltd.

In 2015, the domestic financial leasing industry continued to maintain a rapid development. In September 2015, the State Council issued the Guiding Opinions on Accelerating the Development of Financial Leasing Industry(《關於加快融資租賃業發展的指導意見》) and the Guiding Opinions on Promoting the Sound Development of Financial Leasing Industry (《關於促進金融租賃行業健康發展的指導意見》), to provide institutional guarantees and a favourable external environment for the sustainable and healthy development of the industry. Meanwhile, industrial capital and financial capital strengthened their penetration into the industry, while leasing companies also actively access the capital market and see their financing channels increasingly diversified.

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB1.792 billion (2014: RMB1.581 billion), representing a year-on-year increase of 13.34%, and net profit of RMB774 million (2014: RMB559 million), representing a year-on-year increase of 38.50%. Such increase in revenue and net profit was mainly attributable to the rapid growth of the financial leasing business.

In 2015, CIMC Financial Leasing Company continued to deepen integration of industry and finance, consolidate global resources and innovate the business mode based on the three dimensions of "breadth, depth and mechanism". It promoted upgrading of the manufacturing industry with operating coordination, enhanced the Group's overall enterprise value with financial coordination and assisted for boosting the Group's overall transformation with strategic coordination. During the Reporting Period, new business volume, revenue and net profit of CIMC Financial Leasing Company all hit new heights. CIMC Financial Leasing Company paid high concerns to the orderly progress and implementation of the Group's emerging industries and strategic projects while vigorously promoting the sustained growth of the vehicle, energy and chemical equipment leasing and other fundamental businesses.

In 2015, CIMC Finance Company further enriched the connotation of integration of industry and finance of the Group, boosted the development of the industry through high-value and personalised financial services and enhanced the comprehensive competitiveness of the industry of the Group. It continued to deepen the centralised management of the Group's funds, managed and operated two capital pools domestically and overseas and the cross-border interconnection and interworking business, laying a foundation for building a centralised platform for operation and management of global funds, and proactively implemented the Group's assets management policy, reduced the financial costs, and increased the capital utilisation efficiency to enhance the Group's asset-liability management levels. In the meantime, through constantly innovating financial service products and means, during the year, CIMC Finance Company obtained the qualifications of tapping into the national inter-bank bond market and foreign currency borrowing business successively. Being approved with the qualifications for dealing with consumer credit, buyer's credit and financial leasing businesses, it successfully commenced several new businesses including export factoring finance, discount of trade acceptance notes and dealing of bonds, to further enhance the professional capability and service level for the Group's financial business. In addition, it continuingly increased its efforts on financial services to the industrial chain of the Group, continued to diversify service means to provide various financial products and financial services in the industrial chain and assist the Group to promote the competition advantages and enlarge the synergistic effect in the industry.

5.3 Business Prospects of the Group in 2016

5.3.1 Macroeconomic Environment and Policies

In 2016, the recovery path of global economy will remain uneven. The recovery of the U.S. economy reveals a bright prospect. More efforts are devoted on quantitative easing by the European and Japanese central banks, which are expected to improve the economy. The U.S. dollars enter into the rate increase cycle which will cause more uncertainties to the prospect for economic development of economies in emerging markets. The IMF projects that the pickup in global economic activities will be slow in 2016, especially in emerging markets and developing economies, and the global economic growth would be at 3.4%. 2016 is the beginning year of the "13th Five Year Plan" of the PRC. The government will highlight the principle of "stabilising growth and improving efficiency" in its proactive fiscal policies for the year, appropriately increase government investment and moderately enlarge fiscal deficit. China's economic growth will gradually stabilise and the GDP growth is expected to be at 6.5% to 7.0% for the year.

5.3.2 Industry Development Trend and Market Outlook

In respect of the container manufacturing business, CLARKSON (a British institution for dynamic analysis of shipbuilding and marine trade) predicts the growth of global container trade would be only 2.5% in the past 2015, the lowest during the last three years; it predicts that the growth of global container trade will pick up in 2016, reaching 4.2% and the oversupply of the shipping capacity will remain. Shipping companies continued to receive big new ships with insufficient utilisation of shipping space in the global shipping industry and are expected to continue implementing strategies such as acquisition and reorganisation, deepening coalition operation and maintaining slow-sailing. As the overseas demand currently remains low; China's export continues to slow down and the container industry needs time to digest the container stock of previous year, it is expected that the weak demand for containers will continue in 2016.

In respect of the road transportation vehicle business, in 2016, it is expected that America will maintain its economic recovery trend, representing a promising prospect for semi-trailer business in North America. The European economy improves slowly, bringing opportunities to industry expansion and strategic integration. The differences among emerging markets become more obvious with growth slowdown, while supported by the implementation of the "Belt and Road" policy by China, South Asia and Southeast Asia will remain as the most active regions of economic development. It is expected that the overall economy of China will grow steadily in 2016 and in order to maintain the steady growth of domestic development, the Chinese government will promote the structural reform of supply. Under such a background, domestic market demand of road transportation vehicle business is expected to firm up.

In respect of the energy, chemical and food equipment business, in 2016, due to falling oil prices and intensified competition arising from rapid growth of the industry over recent years, the natural gas equipment market is expected to continue to suffer pressure for the short term, but its development prospect remains positive for the long term. The periodical volatility trend of the global chemical market is predicted to sustain in 2016, therefore, the growth of the standard tank container business is expected to slow down. The liquid food industry is increasingly mature; the growth in demand for corresponding production and transportation equipment remains relatively stable, thus, the liquid food equipment industry is expected to embrace considerable room for development in the industry.

In respect of the offshore engineering business, it is expected that the international oil prices will remain low in 2016 but with opportunities and room for rebounds and the expenses incurred by the global oil and gas exploration and development are expected to further decrease over 2015, affecting the businesses of oil service companies and causing re-shuffle in the industry. The global offshore equipment industry will continue to suffer pressure. In a short term, the oversupply of jack-up platforms and semi-submersible platforms sustained and a possible further decrease in new orders may impose huge pressure on the overall market. However, in a long and medium term, driven by the energy demand in the emerging economies, lots of exploration and development projects have been suspended or cancelled in the recent two years, which will result in great shortfall in global oil and gas supply in the future; influenced by this shortfall and the increasing retiring platforms, it is expected that the global offshore engineering market will recover from the end of 2016 and the expenses incurred by the global oil and gas exploration and development will recover to increase from 2017 onward.

In respect of the logistics services business, the international, domestic and industrial situations of logistic industry are still complex in 2016. Due to the insufficient driving force for world economic development caused by the striking in trade of emerging economies, together with the weak demand of developed countries for bulk commodities, the global trade and shipping markets will remain running at a low level along. In China, the government will continue to deepen reform and to drive industrial transformation and upgrading with regional integration and development. Externally, the government encourages opening-up. Coupled with the opening of the three free trade zones, the concrete implementation of the "Belt and Road" strategies, the continuous internationalisation of Renminbi and the extension of bilateral free trade agreements, it will constantly bring forth with enlarged demand for logistics services as well as stricter professionalisation requirements. The logistic industry is in the face of more challenges and opportunities.

In respect of the heavy truck business, in 2016, the domestic fixed assets investment is expected to maintain stable growth in the PRC and domestic demands will play an increasingly important role in driving economic development. Benefited from the implementation of the "Belt and Road" initiatives and the commencement of large-scale investment projects, the market capacity of heavy trucks is estimated to remain broadly unchanged or increase slightly as compared to 2015. Coupled with the changes in customer demands, the implementation of national V emission standards and the accelerated product and technology upgrading, in the future, the low-cost, high-horsepower, fuel-efficient and high-end heavy trucks with high technologies and high added value will develop into the main stream of the Chinese market. The upgrading of China's equipment manufacture and the extension of the "Belt and Road" initiatives will both promote the export of China's heavy trucks to the surrounding countries and regions, and therefore the export market will be a highlighted part focused by the heavy truck industry in 2016.

In respect of the airport facilities equipment business, in 2016, it is expected that the airport ground equipment business would grow steadily, and main market opportunities arise from new demands in emerging markets. The peripheral facilities of the boarding bridge business will be the new direction for future business expansion. The automated processes of various industries and the rapidly growing e-commerce in China have become a vital driving force for the growth of automated logistics business. The fire and rescue equipment business has seen a basically stable competition landscape globally and will enter into a fast-developing stage in respect of the Chinese market. The steady urbanisation process in China is conducive to the further development of the fire and rescue vehicle business and the stereo garage business. Given the huge market room, there are opportunities for industry integration.

In respect of the real estate development business, with the proactive fiscal policies and sound monetary policies domestically, the overall economic development in 2016 is forecasted to remain relatively stable. Policies aiming at stabilising housing consumption and encouraging housing demands will not be changed in the short term in China. Real estate market development will differentiate increasingly among different cities, with a portion of the third-tier and fourth-tier cities possibly to face destocking pressure, while the first-tier and a portion of the popular second-tier and third-tier cities to have their real estate markets run well due to their own strengths in economy and industrial development.

In respect of the financial business, China's macro economy will still face a considerable downward pressure in 2016, in particular, the financial market will suffer heightened volatility; market interest rates will go down and net interest margin will narrow. It is expected that China's financial leasing industry are still going to maintain a growth rate of over 30% during the "13th Five Year Plan" period (2016-2020). In future, the financial leasing industry will be linked more closely with capital; penetration between industrial capital and financial capital will be speeded up; financing channels will tend to be diversified.

5.3.3 Overall Operation Targets and Initiatives for Main Business Segments

In 2016, the Group will continue to promote the transformation and upgrading to seek continuous improvements. It will constantly innovate in technology, business models and management mechanisms and control risks. Major efforts will be made to seize the historic opportunity to set challenging goals for growth and development, to move towards the goal of becoming a world-class enterprise. The Group will continue to create new systematic and cultural merits, carry out systematic upgrade in product and technical innovation, especially business model and other areas, focus on breakthroughs so as to cultivate competitive edges and optimise business structure and establish an "accumulative continuous improvement mechanism", in order to lay a new foundation for the continuous healthy development of the Group.

Container manufacturing business, in 2016, the traditional container industry will continue to have a relative surplus of supply. The Group will focus on connotative optimisation in the mature container manufacturing business such as dry container, reefer container and special reefer to strengthen and enhance its leading position in the industry. In respect of new business relating to containers, the Group will prioritise the development of modular building, cold chain equipment and integration and logistics equipment business and continue to explore and cultivate laser processing technology, e-commerce and environmental protection wood materials business. At the same time, the Group will promote the sustainable development of the industry by getting more committed to improving the entire chain of environmental protection and employee working conditions.

Road transportation vehicle business, in 2016, the Group will continue to strive for comprehensively improving the core competencies of global operations. The Group will focus on exploring new business and innovation business while developing existing business so as to realise the continuous quality growth of the road vehicle business. In domestic market, the Group will seek for more sources of revenue by developing new business. In North American market, the Group will capture market opportunities to expand its production capacity properly, extend the geographical coverage of its products and increase its product types and achieve sustainable growth models by leveraging on the demand growth driven by economic recovery. In European market, the Group will seek for future growth drivers and prepare for the competition in the next stage in advance. In emerging markets, the Group will focus on the development of key markets and ensure the steady development of mature regions, so as to capture the market space which will be formed due to the fast growth of the emerging economies.

Energy, chemical and liquid food equipment business, in 2016, the Group will focus on improve its core competitiveness and strengthening the post-acquisition consolidation of the newly acquired enterprises based on organic growth and constant innovation. In respect of its existing businesses, the Group will explore new business and growth power to become a provider of one-stop solutions through organic optimisation, productivity enhancement and cost reduction and depending on acquisition development, innovative technologies and financial lease business modes. At the same time, it will increase its efforts on exploring overseas markets to achieve sustained revenue growth.

Offshore engineering business, in 2016, the Group will continue to promote the management topic of "risk prevention, delivery guarantee, cost reduction and structure adjustment" and carry forward the "business plan-based, strong project-based and profit-centric" management routes to proactively cope with changes in the industrial environment. In respect of strategies and markets, the Group will continue to reduce its project cost and build up advantages focusing on products. Supported by the technical storage and ability based on drilling products, the Group will expand into new product fields in a quick and steady way. In respect of costs, with the profit centre as the carrier, the Group will continue to promote cost reduction by implementing the ONE cost module thoroughly, strengthening the leading roles of technologies and procurement in cost reduction, improving labour efficiency, reducing labour costs and proactively decreasing inventories.

Logistics services business, in 2016, the Group will follow closely the national strategies, seize opportunities from the state's favourable policies regarding multimodal transport demonstration project declaration and implementation of pallet standardisation, make good use of its strengths in equipment logistics and service products, and carry out multimodal transport business in a proactive manner via deploying multimodal transport node cities and exploring for innovative forms of cargo organisation under multimodal transport. The Group will also actively participate in the construction of the Group's multimodal transport platform, and vigorously promote multimodal transport logistics business and products leveraging on the domestic multimodal transport nodes, channels and special lines developed by multimodal transport platform building companies of the Group, so as to facilitate the implementation and effective operation of multimodal transport projects.

Heavy truck business, in 2016, the Group will be engaged mainly in hazardous chemical transportation, artery logistics, coal transportation and concrete transportation industries, regionally focus on Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, Pearl River Delta and regions along the "Belt and Road", and give priority to developing high-end and high-horsepower tractors and natural gas heavy trucks, targeted at big customers in the industry and of the Group. The Group will enhance its product competitiveness, promote financial business to serve sales, optimise distribution network, expand the applications of special vehicles all round and strengthen brand communication, so as to enhance the Company's awareness and reputation. The Group also attaches importance to overseas business. Capitalising on the rolling out and implementation of the government's "Belt and Road" initiatives, it is going to focus on developing the Middle East, Central Asia and South East Asia markets, aiming at gradually building a three-level export model of "Complete Built Unit – knock-down technology – brand".

Airport facilities equipment business, based on the airport facilities equipment business, the Group will pursue full GSE coverage, as well as actively promote business integration and coordination at all levels around the two main development routes of urbanisation and automation, and facilitate long-term development of business by optimising the organisational structure in 2016. In respect of the boarding bridges business, the Group will further consolidate the domestic market and deepen the international market to strive for breaking through the American market; in respect of domestic stereo garage business, it will speed up to capture the advanced core technologies with sound comprehensive service capability and will try to become one of the major suppliers in the industry; in respect of the fire rescue vehicle business, it will accelerate distribution in China and resource consolidation in the world; in respect of the automatic logistics systems business, it will strive to culture core competitiveness and establish the relatively strong contracting capability and the global industry position; in respect of operating vehicle business, it will strive to become a comprehensive supplier of equipment and services with improved and high-end product lines to achieve broad coverage of airport ground equipment.

Real estate development business, in 2016, under the proactive fiscal policy and prudent monetary policy of the state, combining the Group's advantageous resources and strategies in the real estate sector, it will focus on revitalising the Group's land resources in the first-tier cities such as Shenzhen and Shanghai; in the meantime, through collaboration within the Group, it will seek promising second-tier and third-tier cities to boost construction of the industrial park zone and accelerate real estate development.

Financial business, in 2016, CIMC Financial Leasing Company will further advance and perfect the operating mechanism of specialised subsidiaries, deepen the coordination of industry and finance, moderately expand external business, gradually establish a low-cost and diversified financing system based on its own assets, develop a relatively independent fund management capability, enhance the ability and level in terms of financial service, resource integration, pattern innovation and risk management, aiming at providing international and domestic end customers with one-stop integrated solutions, and propelling the Group's industrial transformation and upgrading. CIMC Finance Company will focus on deepening the connotation of the four strategically positioned roles of "manager of centralised operation of the Groups funds, provider of comprehensive financial services, collaborator of asset-liability management, and creator of value from integration of industry and finance", insist on constantly strengthening and perfecting the development of supply chain finance business, improve the risk prevention and control level and further reinforce the Group's integration of industry and finance, in a bid to create more financial value for the Group.

5.3.4 Main Risk Factors for Future Development of the Group

(1) Economic periodic fluctuations: The industries involved in the principal business operations of the Group are dependent on global and domestic economic performance and often vary with the overall economic environment periodical changes, especially the fluctuations in global and domestic industrial sectors. There are risks that the growth of the Group's container business might slow down due to the declining growth in global trade and China's export. With the continued decline in international oil prices, the global growth in oil and gas exploration and development is significantly slowing down, and many oil companies chose budget cuts, putting the Group's offshore engineering equipment business under pressure. The changes and risks in global economic environment bring higher requirements on the Group's operating and risk controlling capabilities.

(2) Risk of industry policy upgrade and trade protection: China's economic entered into the "new normal" and the government of China presents the roadmap for and overall objective of comprehensively deepening reform and push forward the transformation and upgrade of economic structure, and various prevailing laws and policies are in the adjusting period, especially the industrial policies, tax policies, environmental policies and land policies, etc. that have a huge impact on the business. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years. In addition, part of the Group's business may still be affected by global trade protectionism, such as global anti-monopoly and anti-subsidy and anti-dumping investigations, etc.

(3) Fluctuations of financial market and exchange risks: the presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks is mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. The process in China's financial reform such as Renminbi internationalisation results in exchange rate fluctuations in the RMB against the USD more frequent and saw choppy trading, which will make the Group's foreign exchange and money management more difficult.

(4) Market competition risks: the Group is confronted with competition from domestic and foreign enterprises in respect of container manufacturing, road transportation vehicle, energy, chemical and liquid food equipment businesses. In particular, a weak demand 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 comers or improving capacity of existing rivals.

(5) Employment and environmental protection pressure and risks: with demographic changes in China, Chinese manufacturers are generally facing the adjustment and change of employment structure. With gradual loss of demographic dividend, the adjustment to labour policies in China and the increasing expectation upon the labour environment from the new industrial employees, 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 carries out the sustainable development strategies. Since the last two years, energy conservation and emission reduction, especially the treatment of air pollution, has become one of the top priorities of governments at all levels in China. China's traditional manufacturing industries, including the container industry, are facing certain pressure of environmental protection.

6 MANAGEMENT DISCUSSION AND ANALYSIS (PREPARED ACCORDING TO THE RELEVANT REQUIREMENTS OF THE HONG KONG LISTING RULES)

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 this 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		2014	
Segment	**Revenue**	**Percentage in total revenue (%)**	Revenue	Percentage in total revenue (%)
Containers	**21,071,169**	**35.91%**	23,812,806	33.98%
Road transportation vehicles	**12,861,559**	**21.92%**	13,390,122	19.11%
Energy, chemical and liquid food equipment	**9,305,081**	**15.86%**	12,915,655	18.43%
Offshore engineering	**7,956,958**	**13.56%**	11,864,625	16.93%
Airport facilities equipment	**2,819,980**	**4.81%**	2,726,946	3.89%
Logistics services	**7,799,998**	**13.29%**	8,473,042	12.09%
Financial business	**1,791,929**	**3.05%**	1,581,026	2.26%
Real estate	**1,291,878**	**2.20%**	1,136,070	1.62%
Heavy trucks	**856,459**	**1.46%**	1,059,081	1.51%
Others	**1,153,770**	**1.97%**	1,202,744	1.72%
Combined offset	**(8,222,977)**	**(14.03%)**	(8,091,262)	(11.54%)
Total	**58,685,804**	**100.00%**	70,070,855	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		2014	
Region (by receivers)	**Revenue**	**Percentage in total revenue (%)**	Revenue	Percentage in total revenue (%)
China	**24,684,517**	**42.06%**	29,772,543	42.49%
America	**8,880,239**	**15.13%**	12,976,043	18.52%
Europe	**13,836,675**	**23.58%**	11,664,021	16.65%
Asia (excluding China)	**9,181,983**	**15.65%**	13,457,342	19.21%
Others	**2,102,390**	**3.58%**	2,200,906	3.13%
Total	**58,685,804**	**100.00%**	70,070,855	100.00%

In 2015, by region, revenues from China, America and Asia (excluding China) have recorded a decrease, while revenues from Europe have reported an increase. 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		2014	
Segment	**Cost of sales**	**Percentage in total cost of sales (%)**	Cost of sales	Percentage in total cost of sales(%)
Containers	**17,482,473**	**36.36%**	20,741,465	35.29%
Road transportation vehicles	**10,335,468**	**21.50%**	11,045,862	18.80%
Energy, chemical and liquid food equipment	**7,488,772**	**15.58%**	10,367,204	17.64%
Offshore engineering	**7,276,336**	**15.13%**	11,326,453	19.27%
Airport facilities equipment	**2,237,830**	**4.65%**	2,141,909	3.64%
Logistics services	**7,082,207**	**14.73%**	7,640,270	13.00%
Financial business	**620,569**	**1.29%**	1,000,323	1.70%
Real estate	**841,561**	**1.75%**	685,215	1.17%
Heavy trucks	**907,969**	**1.89%**	1,027,908	1.75%
Others	**979,150**	**2.04%**	1,048,736	1.78%
Combined offset	**(7,171,092)**	**(14.92%)**	(8,256,322)	(14.04%)
Total	**48,081,243**	**100.00%**	58,769,023	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		2014	
Segment	**Gross profit**	**Gross profit margin (%)**	Gross profit	Gross profit margin (%)
Containers	**3,588,696**	**17.03%**	3,071,341	12.90%
Road transportation vehicles	**2,526,091**	**19.64%**	2,344,260	17.51%
Energy, chemical and liquid food equipment	**1,816,309**	**19.52%**	2,548,451	19.73%
Offshore engineering	**680,622**	**8.55%**	538,172	4.54%
Airport facilities equipment	**582,150**	**20.64%**	585,037	21.45%
Logistics services	**717,791**	**9.20%**	832,772	9.83%
Financial business	**1,171,360**	**65.37%**	580,703	36.73%
Real estate	**450,317**	**34.86%**	450,855	39.69%
Heavy trucks	**(51,510)**	**(6.01%)**	31,173	2.94%
Others	**174,620**	**15.13%**	154,008	12.80%
Combined offset	**1,051,885**	**–**	165,060	–
Total	**10,604,561**	**18.07%**	11,301,832	16.13%

In 2015, the Group's cost of sales amounted to RMB48,081 million, representing a decrease of approximately 18.19% compared with RMB58,769 million in 2014; the overall gross profit margin amounted to 18.07%, representing an increase of 1.94 percentage points over previous year. For all segments, container, road transportation vehicle, offshore engineering and financial businesses saw an increase in their gross profit margins, while those of energy, chemical and liquid food equipment, airport facilities equipment, logistics services, real estate and heavy truck businesses 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 Results Announcement.

Non-operating Income

In 2015, the Group's non-operating income amounted to RMB436.200 million (2014: RMB389.679 million), representing a year-on-year increase of 11.94%, mainly due to the gains on disposal of non-current assets and an increase of penalty income of the Group during the Reporting Period.

Technology Development Costs

In 2015, the Group's technology development costs amounted to RMB542.312 million (2014: RMB591.756 million), representing a year-on-year decrease of 8.36%.

Selling and Distribution Expenses

In 2015, the Group's selling and distribution expenses amounted to RMB2,574.916 million (2014: RMB2,348.229 million), representing a year-on-year increase of 9.65%.

General and Administrative Expenses

In 2015, the Group's general and administrative expenses amounted to RMB4,146.983 million (2014: RMB4,656.475 million), representing a year-on-year decrease of 10.94%.

Financial Expenses

In 2015, the Group's financial expenses amounted to RMB627.801 million (2014: RMB519.187 million), representing a year-on-year increase of 20.92%, mainly due to the net exchange losses resulting from exchange rate changes during the Reporting Period.

Income Tax Expenses

In 2015, taxes paid by the Group amounted to RMB934.391 million (2014: RMB536.488 million), representing a year-on-year increase of 74.17%, mainly due to the reversal of withholding tax of the overseas enterprises which have been identified as Chinese resident enterprises for 2014.

Profits Attributable to Minority Shareholders

In 2015, the Group's profits attributable to minority shareholders amounted to RMB297.956 million (2014: RMB556.126 million), representing a year-on-year decrease of 46.42%, mainly due to the changes in profits of subsidiaries with minority shareholders.

Liquidity and Financial Resources

As at 31 December 2015, the Group's cash at bank and on hand amounted to RMB4,487.166 million (31 December 2014: RMB3,667.387 million), representing a year-on-year increase of 22.35%. The Group's cash at bank and on hand primarily consist of cash and bank deposits.

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.

Cash Flows

In 2015, the Group's net cash generated by operating activities amounted to RMB(3,610.223) million (2014: RMB6,434.477 million), mainly due to the decrease in cash received from sales of goods or rendering of services this year. In 2015, the Group's net cash from investing activities amounted to RMB(12,584.781) million (2014: RMB(11,553.782) million), representing a year-on-year increase of 8.92%. In 2015, the Group's net cash from financing activities amounted to RMB16,505.663 million (2014: RMB3,940.986 million), representing a year-on-year increase of 318.82%, mainly due to the increase in cash received from borrowings this year. Cash and cash equivalents at the beginning of the year amounted to RMB2,935.251 million, cash and cash equivalents at the end of the year amounted to RMB3,259.123 million, and net change of cash and cash equivalents amounted to RMB323.872 million.

Bank Loans and Other Borrowings

As at 31 December 2015, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) totally amounted to RMB46,241.746 million (31 December 2014: RMB33,310.268 million).

Unit: RMB thousand

	As at 31 December 2015	As at 31 December 2014
Short-term borrowings	**17,909,024**	11,239,527
Non-current borrowings due within one year	**649,003**	2,052,854
Debentures payable due within one year	**3,998,881**	2,000,000
Long-term borrowings	**23,684,838**	11,110,296
Debentures payable	**–**	4,455,080
Other current liabilities (issuance of commercial papers)	**–**	2,452,511
Total	**46,241,746**	33,310,268

Interest capitalised by the Group for the year of 2015 was RMB423.520 million. (2014: RMB412.821 million).

In 2015, the net bank loans appropriated by the Group amounted to RMB58,969.912 million (same period in 2014: RMB33,241.336 million). The increase in net appropriated bank loans was mainly due to the financing arrangement entered into for working capital needs.

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 2015, the Group's bank borrowings included fixed-rate borrowings of approximately RMB12,472.493 million (31 December 2014: RMB4,792.023 million) and floating-rate borrowings of approximately RMB29,770.372 million (31 December 2014: RMB19,608.678 million). The long-term borrowings are expired within five years.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2015, the remaining fixed-rate bonds issued by the Group amounted to RMB3,998.881 million (31 December 2014: RMB6,455.080 million).

On 16 June 2015, the issue of the first tranche of RMB perpetual medium term note for 2015 ("**perpetual bonds**") of the Group was completed. The perpetual bonds, with a size of RMB2.0 billion, was issued with a coupon rate of 5.19% for the preceding three years of interest calculation. The perpetual bonds shall be redeemed by the issuer at maturity as agreed under the issue terms. The proceeds from the issue of the perpetual bonds will be used for equipment upgrade and project construction of the Company and its subsidiaries and for settlement of bank borrowings of the Company and its subsidiaries. The net amount of RMB1,981.143 million, after deducting issue costs, was recorded in shareholders' equity under "Other equity instruments".

Capital Structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2015, the Group's equity interests attributable to shareholders amounted to RMB35,494.876 million (31 December 2014: RMB27,282.115 million); the total liabilities amounted to RMB71,268.295 million (31 December 2014: RMB60,494.066 million) and the total assets amounted to RMB106,763.171 million (31 December 2014: RMB87,776.181 million). The gearing ratio was 66.75% (31 December 2014: 68.92%), representing a decrease of 2.17 percentage point mainly due to the completion of issue of additional H shares and other equity instruments in the current period which resulted in an increase in total equity interests attributable to shareholders compared with the previous year. 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

	As at the end of 2015		As at the end of 2014			
	Amount	**% of total assets**	**Amount**	**% of total assets**	**% change**	**Reasons for the material changes**
Long-term equity investments	2,036,367	1.91%	1,165,674	1.33%	74.69%	Purchase of shares of CFSE this year.
Construction in progress	17,040,388	15.96%	10,460,940	11.92%	62.90%	Mainly the new shipping projects in progress this year.
Short-term borrowings	17,909,024	16.77%	11,239,527	12.80%	59.34%	Mainly the financing arrangement entered into for working capital needs.
Long-term borrowings	23,684,838	22.18%	11,110,296	12.66%	113.18%	Mainly the financing arrangement entered into for working capital needs.

Foreign Exchange Risk and Relevant Hedge

The majority currency of the Group's business revenue is U.S. dollars, while most of its expenditure is made in Renminbi. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. As the exchange rates of Renminbi are affected by domestic and international economic and political situations, and demand for and supply of Renminbi, and the future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, the Group is exposed to potential foreign exchange risk generated by the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk to take appropriate measures to avoid foreign exchange risk.

Interest Rate Risk

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimise the impact of interest rate risk, the Group entered into certain interest rate swap contracts with many banks. As at 31 December 2015, the Group held 15 unsettled interest rate swap contracts denominated in U.S. dollars, the initial nominal value of which totally amounted to approximately US$128 million, which will be expired from 28 April 2017 to 1 March 2020 respectively. As at 31 December 2015, the interest rate swap contracts of the Group with fair values of RMB15.203 million were included in financial liabilities at fair value through profit or loss as derivative financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

Credit Risk

The Group's credit risk is primarily attributable to monetary funds, receivables and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis.

Capital Commitments

As at 31 December 2015, the Group had contracted capital expenditure commitments of approximately RMB960.181 million (31 December 2014: RMB696.316 million), which was mainly used as investment contracts entered into but not performed or performed partially and significant contracts entered into for ships to be manufactured for sales or lease. Please refer to the paragraph "8 Financial Report – Notes – 12. Commitments" for details.

Pledge of Assets

As at 31 December 2015, restricted assets of the Group totally amounted to RMB5,826.663 million (31 December 2014: RMB998.522 million), with details summarised as follows:

Unit: RMB thousand

	31 December 2014	Current period addition	Current period decrease	Exchange differences arising from translating	**31 December 2015**
Assets used as collateral					
– Cash at bank and on hand	732,136	759,590	(263,853)	170	**1,228,043**
– Notes receivable	–	588,835	–	–	**588,835**
– Accounts receivable	1,367	–	(1,367)	–	**–**
– Inventories	16,624	–	(16,624)	–	**–**
– Long-term receivables	–	4,009,785	–	–	**4,009,785**
– Fixed assets	102,667	–	(102,667)	–	**–**
– Intangible assets	145,728	–	(145,728)	–	**–**
Total	998,522	5,358,210	(530,239)	170	**5,826,663**

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

Major investees

Company name	**Main business**	**Equity interests of the investee held by the Company** *(%)*	**Investment made in the Reporting Period**
Sino-Worlink (Beijing) Investment Co., Ltd.	Transportation	50%	60,000
Sino-Worlink (Hong Kong) International Logistics Co., Ltd.	Transportation	50%	45,000
Liaoning Hashenleng Gas Liquefaction Equipment Co., Ltd.	Gas liquefaction and separation facilities	60%	240,000
Sichuan Jinke Cryogenic Engineering Co. Ltd.	Natural gas cryogenic equipment development	55%	3,850

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 RMB15.323 billion in 2016. The Group will consider various types of financing activities to meet future capital expenditure and working capital requirements.

Contingent Liabilities

As at 31 December 2015, the Group had major contingent liabilities of approximately RMB79.940 million (31 December 2014: RMB54.704 million). Please refer to the paragraph "8 Financial Report – Notes – 11. Contingencies" for details.

Use of Proceeds

As at 31 December 2015, the Company has issued a total of 286,096,100 new H shares to the Subscribers, namely, COSCO Container Industries Limited, Broad Ride Limited, and Promotor Holdings Limited at HK$13.48 per H Share, and the net proceeds raised were approximately HK$3,857 million. The proceeds raised were used for working capital of the Company, which is consistent with the resolution passed at the meeting of the Board. As at 31 December 2015, HK$575,428 (RMB481,586) of the proceeds raised from the placing of H shares was placed in the fund-raising account, and the rest had been used to replenish the working capital.

Employees and Remuneration Policies

As at 31 December 2015, there were approximately 57,477 employees of the Group (31 December 2014: 61,309). The total staff cost during the Reporting Period, including directors' remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to approximately RMB6,293.535 million (2014: RMB6,425.427 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 Pension Benefits

Pursuant to the relevant laws and regulations of the PRC, the Group has provided the basic pension insurance for the employees arranged by local labour and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to current profit or loss on an accrual basis. When employees retire, the local labour and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees.

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 "**First Tranche of Share Options**") were registered on 26 January 2011 and the reserved 6,000,000 share options (the "**Second Tranche of Share Options**") were registered on 17 November 2011.

Upon the consideration and approval at the eighth meeting of the seventh session of the Board in 2015, the options of the second exercisable period for the First Tranche of Share Options and the first exercisable period for the Second Tranche of Share Options have met the exercise conditions on 12 May 2015. The second exercisable period for the First Tranche of Share Options was from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000. The first exercisable period for the Second Tranche of Share Options was from 2 June 2015 to 21 September 2015 with the total exercisable options amounting to 1,392,500.

On 8 June 2015, the dividend distribution proposal of the Company for 2014 was considered and approved at the 2014 annual general meeting of the Company, pursuant to which the Company shall pay a cash dividend of RMB3.10 (inclusive of tax) for every 10 shares to all the shareholders. On 22 July 2015, the implementation of the dividend distribution proposal of the Company for 2014 was completed. As considered and approved at the 11th meeting of the seventh session of the Board of the Company in 2015, after the implementation of the 2014 dividend distribution proposal of the Company, the exercise price of the First Tranche of Share Options was adjusted to RMB10.77, and that of the Second Tranche of Share Options was adjusted to RMB16.30.

Upon the consideration and approval at the fourteenth meeting of the seventh session of the Board in 2015, the options of the second exercisable period for the Second Tranche of Share Options have met the exercise conditions on 9 October 2015. The second exercisable period for the Second Tranche of Share Options was from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500.

During the Reporting Period, 17,378,910 share options were exercised during the second exercisable period for the First Tranche of Share Options; 1,289,375 share options were exercised during the first exercisable period for the Second Tranche of share options which ended on 21 September 2015, with 103,125 overdue unexercised share options being cancelled; and 426,750 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 19,095,035, representing 32.58% of the total of share option incentive scheme (adjusted).

Market Risks

For details of the Group's market risks, please refer to "5.3.4 Main Risk Factors for Future Development of the Group" of "5.3 Business Prospects of the Group in 2016" in the Results Announcement.

Dividend Distribution

Based on the Group's 2015 operating results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.22 per share (including applicable taxes) for the year of 2015. The final dividend of 2015 is subject to the shareholders' approval at the forthcoming annual general meeting of the Company for the year of 2015.

7 SIGNIFICANT EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

7.1 During the Reporting Period, the Company engaged PricewaterhouseCoopers as its auditor and internal control auditor. The total remuneration in respect of the audit and internal control audit work during the Reporting Period was RMB10,760,000, mainly including the provision of auditing and internal control services for the Company's needs.

7.2 On 18 December 2014, the Company and COSCO Pacific entered into a new framework agreement to update the continuing connected transactions. On 3 March 2015, the new framework agreement was considered and approved at the 2015 first extraordinary general meeting of the Company. For relevant information, please refer to the announcements of the company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.3 On 27 February 2015, Profit Asia International Trading Limited (an indirect wholly-owned subsidiary of CFSE and as the purchaser), CIMC Top Gear B.V. (an indirect wholly-owned subsidiary of the Company and as the vendor), CFSE (as the guarantor of the purchaser's obligations) and CIMC (HK) (a direct wholly-owned subsidiary of the Company and as the guarantor of the vendor's obligations) entered into an acquisition agreement, pursuant to which Profit Asia International Trading Limited has agreed to purchase the sale shares and the sale loans of Ziegler at a consideration of HK$489,428,572 from CIMC Top Gear B.V., which shall be satisfied by CFSE by way of issuance of 1,223,571,430 consideration shares at the issue price of HK$0.4 per consideration share to CIMC Top Gear B.V. On 10 July 2015, the acquisition agreement was completed, and Ziegler became an associated company of the CFSE and an indirect non-wholly-owned subsidiary of the Group. The Group became the single largest shareholder of CFSE and was interested in 1,223,571,430 shares of CFSE (representing 30% of the issued share capital of CFSE). CFSE became an associated company of the Group. For relevant information, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo. com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.4 In February 2015, CIMC Raffles and Schahin Group in Brazil reached a full settlement and entered into a reconciliation agreement in respect of the Schahin litigations and arbitrations. For the outstanding balance for shipbuilding, as at 5 March 2015, pursuant to the reconciliation agreement and relevant documents, CIMC Raffles has received the remaining balance of principal, interest and legal expenses in the amount of approximately US$71,860,000. As of now, the Schahin litigations and arbitrations of CIMC Raffles have been basically completed, and the entire amount of outstanding balances, interests and other fees in the total amount of approximately US$272,740,000 has been successfully recovered from Schahin, including the principal of US$207,920,000, interest of US$57,050,000 and legal expenses of US$7,770,000. The completion of the Schahin litigations and arbitrations and the recovery of the aforementioned outstanding balances are expected to have positive impacts on the financial position of the Group for the current year. For relevant information, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.5 On 3 March 2015, the Resolution on the Registration and Issue of RMB Perpetual Medium Term Note was considered and approved at the 2015 first extraordinary general meeting of the Company, and the Company was approved to issue perpetual bonds with a size of no more than RMB4 billion (including RMB4 billion). On 16 June 2015, the issue of perpetual bonds of the Company with a size of RMB2.0 billion and a coupon rate of 5.19% for the preceding three years of interest calculation was completed. The perpetual bonds shall be redeemed by the issuer at maturity as agreed under the issue terms. The proceeds from the issue of perpetual bonds will be used to fund the equipment upgrade and project construction of the Company and its subsidiaries and for repayment of bank borrowings of the Company and its subsidiaries. For relevant information, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.6 The Company entered into subscription agreements with COSCO Container Industries Limited, Broad Ride Limited and Promotor Holdings Limited (collectively, the "Subscribers") pursuant to a general mandate on 23 December 2013 and entered into amendment agreements on 23 June 2014 and 26 March 2015 respectively, pursuant to which the Company intended to issue a total of 286,096,100 H shares to the Subscribers at HK$13.48 per share. The proceeds from the issue of such new H shares would be used for the Company's capital and working capital. As at 31 December 2015, the issue of H shares has been completed. For relevant information, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

8 FINANCIAL REPORT

8.1 Explanation for Changes in Accounting Policies, Accounting Estimates or Calculation Method as Compared with those for Last Annual Report

□ Applicable √ Not applicable

8.2 Contents, Amounts Corrected, Reasons and Impact of Material Accounting Errors

□ Applicable √ Not applicable

8.3 Explanation of Changes in the Scope of Consolidation as Compared with those for Last Annual Report

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

Subsidiaries newly included in the scope of consolidation for the current year comprised of Sino-Worlink (Beijing) Investment Co., Ltd., Sino-Worlink (Hong Kong) International Logistics Co., Ltd., Liaoning Hashenleng Gas Liquefaction Plant Co., Ltd. and Sichuan Jinke Cryogenic Equipment Engineering 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.

8.4 Statement of the Board and the Supervisory Committee on the "Non-Standard Auditing Report" issued by the Auditor

□ Applicable √ Not applicable

8.5 Financial Statements Prepared in Accordance with CASBE

8.5.1 Consolidated Balance Sheet (audited)

Unit: RMB thousand

	Note	**31 December 2015**	31 December 2014
Assets			
Current assets:			
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
Advances to suppliers		**3,290,194**	5,223,351
Interest receivable		**10,842**	3,968
Dividends receivable		**12,345**	10,427
Other receivables		**3,253,650**	2,574,975
Inventories		**16,416,646**	16,773,431
Current portion of non-current assets		**3,228,668**	2,388,975
Other current assets		**660,839**	1,029,835
Total current assets		**43,530,325**	45,172,177
Non-current assets:			
Financial assets at fair value through profit or loss		**19,755**	–
Available-for-sale financial assets		**420,858**	396,025
Long-term receivables		**12,734,564**	3,449,542
Long-term equity investments		**2,036,367**	1,165,674
Investment properties		**438,814**	365,555
Fixed assets		**21,848,053**	19,051,137
Construction in progress		**17,040,388**	10,460,940
Disposal of fixed assets		**99,506**	–
Intangible assets		**4,983,558**	4,355,832
Development expenditure		**22,966**	41,705
Goodwill		**1,762,141**	1,663,747
Long-term prepaid expenses		**165,711**	194,163
Deferred tax assets		**1,194,462**	1,117,744
Other non-current assets		**465,703**	341,940
Total non-current assets		**63,232,846**	42,604,004
Total assets		**106,763,171**	87,776,181

8.5.1 Consolidated Balance Sheet (audited) (Continued)

	Note	**31 December 2015**	31 December 2014
Liabilities and shareholders' equity			
Current liabilities:			
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		**923,137**	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
Total current liabilities		**45,921,237**	43,340,077
Non-current liabilities:			
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 payable		**550,136**	672,562
Payables for specific projects		**5,834**	4,945
Deferred income		**511,662**	467,623
Deferred tax liabilities		**467,482**	369,599
Other non-current liabilities		**71,635**	–
Total non-current liabilities		**25,347,058**	17,153,989
Total liabilities		**71,268,295**	60,494,066
Shareholders' equity:			
Share capital		**2,977,820**	2,672,629
Other equity instruments		**2,033,043**	–
Capital reserve		**3,181,863**	686,506
Other comprehensive income		**(518,130)**	(847,187)
Surplus reserve		**3,203,578**	3,126,406
Undistributed profits	*6*	**17,663,145**	16,651,960
Total equity attributable to shareholders and other equity holders of the parent company		**28,541,319**	22,290,314
Minority interests		**6,953,557**	4,991,801
Total shareholders' equity		**35,494,876**	27,282,115
Total liabilities and shareholders' equity		**106,763,171**	87,776,181

8.5.2 Balance Sheet of the Company (audited)

Unit: RMB thousand

	31 December 2015	31 December 2014
Assets		
Current assets:		
Cash at bank and on hand	**1,597,446**	1,775,649
Financial assets at fair value through profit or loss	**–**	234,524
Dividends receivable	**4,604,445**	4,270,305
Other receivables	**12,363,102**	7,217,674
Other current assets	**16,264**	12,183
Total current assets	**18,581,257**	13,510,335
Non-current assets:		
Available-for-sale financial assets	**388,905**	388,905
Long-term equity investments	**8,509,530**	8,430,444
Fixed assets	**106,808**	119,157
Construction in progress	**4,031**	1,236
Intangible assets	**14,724**	14,983
Long-term prepaid expenses	**14,782**	19,831
Deferred tax assets	**216,448**	200,402
Total non-current assets	**9,255,228**	9,174,958
Total assets	**27,836,485**	22,685,293

8.5.2 Balance Sheet of the Company (audited) (Continued)

	31 December 2015	31 December 2014
Current liabilities:		
Accounts payable	**15,837**	–
Advances from customers	**–**	62,282
Employee benefits payable	**851,536**	861,648
Taxes payable	**12,820**	7,311
Interest payable	**129,200**	182,624
Other payables	**7,583,245**	6,537,219
Current portion of non-current liabilities	**4,059,881**	2,576,000
Total current liabilities	**12,652,519**	10,227,084
Non-current liabilities:		
Financial liabilities at fair value through profit or loss	**14,256**	21,307
Long-term borrowings	**2,215,000**	861,000
Debentures payables	**–**	3,996,080
Deferred income	**13,800**	13,000
Total non-current liabilities	**2,243,056**	4,891,387
Total liabilities	**14,895,575**	15,118,471
Shareholders' equity:		
Share capital	**2,977,820**	2,672,629
Other equity instruments	**2,033,043**	–
Capital surplus	**3,279,575**	129,788
Other comprehensive income	**43,754**	43,754
Surplus reserve	**3,203,578**	3,126,406
Undistributed profits	**1,403,140**	1,594,245
Total equity of shareholders and other equity holders	**12,940,910**	7,566,822
Total liabilities and shareholders' equity	**27,836,485**	22,685,293

8.5.3 Consolidated Income Statement (audited)

Unit: RMB thousand

Item		*Note*	**2015**	2014
I.	**Revenue**	7	**58,685,804**	70,070,855
	Less: Cost of sales	7	**48,081,243**	58,769,023
	Taxes and surcharges		**433,030**	403,105
	Selling and distribution expenses		**2,574,916**	2,348,229
	General and administrative expenses		**4,146,983**	4,656,475
	Financial expenses – net		**627,801**	519,187
	Asset impairment losses		**551,170**	284,138
	Add: Losses from changes in fair value		**(103,031)**	(228,725)
	Investment income		**776,106**	435,901
	Including: Share of profit of associates and joint ventures		**241,649**	59,124
II.	**Operating profit**		**2,943,736**	3,297,874
	Add: Non-operating income		**436,200**	389,679
	Including: Gains on disposal of non-current assets		**33,876**	21,081
	Less: Non-operating expenses		**173,584**	117,137
	Including: Losses on disposal of non-current assets		**51,464**	54,291
III.	**Total profit**		**3,206,352**	3,570,416
	Less: Income tax expenses	8	**934,391**	536,488
IV.	**Net profit**		**2,271,961**	3,033,928
	Net profit attributable to shareholders and other equity holders of the parent company		**1,974,005**	2,477,802
	Profit or loss attributable to minority shareholders		**297,956**	556,126
V.	**Net amount of other comprehensive income/ (losses), net of tax**		**319,418**	(181,650)
	Attributable to shareholders and other equity holders of the parent company		**329,057**	(186,399)
	Items that may be reclassified subsequently to profit or loss		**329,057**	(186,399)
	Change in fair value of available-for-sale financial assets		**(5,172)**	(858)
	Gain of cash flow hedges		**1,138**	(14,540)
	Currency translation differences		**333,091**	(171,001)
	Minority interests		**(9,639)**	4,749
VI.	**Total comprehensive income**		**2,591,379**	2,852,278
	Attributable to shareholders and other equity holders of the parent company		**2,303,062**	2,291,403
	Minority interests		**288,317**	560,875
VII.	**Earnings per share**			
	(I) Basic earnings per share (RMB)	9(1)	**0.72**	0.93
	(II) Diluted earnings per share (RMB)	9(2)	**0.71**	0.92

8.5.4 Income Statement of the Company (audited)

Unit: RMB thousand

Item		2015	2014
I.	**Revenue**	**298,919**	289,577
	Less: Cost of sales	**40,576**	–
	Taxes and surcharges	**33,661**	28,809
	General and administrative expenses	**235,671**	319,002
	Financial expenses – net	**(19,667)**	243,842
	Add: Profit or loss from changes in fair value	**7,051**	64,140
	Investment income	**700,870**	1,185,375
II.	**Operating profit**	**716,599**	947,439
	Add: Non-operating income	**40,432**	79,882
	Including: Profits on disposal of non-current assets	**–**	–
	Less: Non-operating expenses	**1,362**	1,372
	Including: Losses on disposal of non-current assets	**62**	48
III.	**Total profit**	**755,669**	1,025,949
	Less: Income tax (income)/expenses	**(16,046)**	14,627
IV.	**Net profit**	**771,715**	1,011,322
V.	**Net amount of other comprehensive income, net of tax**	**–**	–
VI.	**Total comprehensive income**	**771,715**	1,011,322

8.5.5 Consolidated Cash Flow Statement (audited)

Unit: RMB thousand

Item		2015	2014
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods and rendering of services	**54,618,350**	72,746,712
	Refund of taxes and surcharges	**2,211,257**	1,792,528
	Other cash received relating to operating activities	**491,195**	533,308
	Sub-total of cash inflows from operating activities	**57,320,802**	75,072,548
	Cash paid for goods and services	**48,172,223**	56,000,161
	Cash paid to and on behalf of employees	**6,275,514**	6,326,378
	Payments of taxes and surcharges	**1,611,817**	1,717,966
	Other cash paid relating to operating activities	**4,871,471**	4,593,566
	Sub-total of cash outflows from operating activities	**60,931,025**	68,638,071
	Net cash flows from operating activities	**(3,610,223)**	6,434,477
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments	**480,195**	351,510
	Cash received from return on investments	**14,086**	178,085
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**775,681**	904,582
	Net cash received to acquire subsidiaries and other business units	**–**	178,611
	Cash received relating to other investing activities	**42,884**	263,423
	Sub-total of cash inflows from investing activities	**1,312,846**	1,876,211
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**12,346,982**	12,873,151
	Cash paid to acquire investments	**1,379,263**	556,842
	Net cash paid to acquire subsidiaries and other business units	**171,382**	–
	Sub-total of cash outflows from investing activities	**13,897,627**	13,429,993
	Net cash flows from investing activities	**(12,584,781)**	(11,553,782)

8.5.5 Consolidated Cash Flow Statement (audited) (Continued)

Item		2015	2014
III.	**Cash flows from financing activities:**		
	Cash received from capital contributions	**3,732,151**	204,645
	Including: Cash received from capital contributions by minority shareholders of subsidiaries	**284,172**	89,900
	Cash received from issue of perpetual bonds	**1,981,143**	–
	Cash received from borrowings	**58,969,912**	33,241,336
	Cash received relating to other financing activities	**260,993**	14,740
	Sub-total of cash inflows from financing activities	**64,944,199**	33,460,721
	Cash repayments of borrowings	**45,955,221**	27,120,243
	Cash payments for distribution of dividends or profits or interest expenses	**2,405,885**	2,219,971
	Including: Cash payments for dividends and profits to minority shareholders by subsidiaries	**107,638**	308,158
	Cash paid relating to other financing activities	**77,430**	179,521
	Sub-total of cash outflows from financing activities	**48,438,536**	29,519,735
	Net cash flows from financing activities	**16,505,663**	3,940,986
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**	**13,213**	(67,926)
V.	**Net increase/(decrease) in cash and cash equivalents**	**323,872**	(1,246,245)
	Add: Cash and cash equivalents at the beginning of the year	**2,935,251**	4,181,496
VI.	**Cash and cash equivalents at the end of the year**	**3,259,123**	2,935,251

8.5.6 Cash Flow Statement of the Company (audited)

Unit: RMB thousand

Item		2015	2014
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	**298,919**	351,858
	Cash received relating to other operating activities	**1,165,577**	5,673,314
	Sub-total of cash inflows from operating activities	**1,464,496**	6,025,172
	Cash paid for goods and services	**24,739**	–
	Cash paid to and on behalf of employees	**114,728**	110,300
	Payments of taxes and surcharges	**31,121**	32,773
	Cash paid relating to other operating activities	**4,926,813**	156,984
	Sub-total of cash outflows from operating activities	**5,097,401**	300,057
	Net cash flows from operating activities	**(3,632,905)**	5,725,115
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments	**155,490**	–
	Cash received from returns on investments	**568,911**	236,183
	Net cash received from disposal of fixed assets	**1,307**	91
	Net cash received from disposal of subsidiaries	**299,624**	–
	Sub-total of cash inflows from investing activities	**1,025,332**	236,274
	Cash paid to acquire fixed assets and other long-term assets	**7,671**	27,246
	Cash paid to acquire investments	**–**	6,368
	Net cash paid to acquire subsidiaries and other business units	**620,000**	1,979,000
	Cash paid relating to other investing activities	**–**	942,000
	Sub-total of cash outflows from investing activities	**627,671**	2,954,614
	Net cash flows from investing activities	**397,661**	(2,718,340)

8.5.6 Cash Flow Statement of the Company (audited) (Continued)

Item	2015	2014
III. Cash flows from financing activities:		
Cash received from borrowings and cash inflows from financing activities	**1,415,000**	800,000
Cash received from issue of perpetual bonds	**1,981,143**	–
Cash received from capital contributions	**3,447,979**	114,745
Sub-total of cash inflows from financing activities	**6,844,122**	914,745
Cash repayments of borrowings	**2,576,000**	2,335,000
Cash payments for distribution of dividends or profits or interest expenses	**1,197,902**	1,141,954
Cash paid relating to other financing activities	**13,837**	–
Sub-total of cash outflows from financing activities	**3,787,739**	3,476,954
Net cash flows from financing activities	**3,056,383**	(2,562,209)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**514**	(86)
V. Net (decrease)/increase in cash and cash equivalents	**(178,347)**	444,480
Add: Cash and cash equivalents at the beginning of the year	**831,212**	386,732
VI. Cash and cash equivalents at the end of the year	**652,865**	831,212

8.5.7 Consolidated Statement of Changes in Shareholders' Equity (audited)

Unit: RMB thousand

Item	2015								2014							
	Equity attributable to shareholders and other equity holders of the parent company								Equity attributable to shareholders of the parent company							
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Currency translation differences	Minority interests	Total shareholders' equity
I. Balance at 31 December 2014	**2,672,629**	**–**	**686,506**	**(847,187)**	**3,126,406**	**16,651,960**	**4,991,801**	**27,282,115**	2,662,396	707,700	–	3,121,288	14,899,313	(716,660)	3,822,091	24,496,128
Add: Changes in accounting policies	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	(55,872)	(660,788)	–	–	716,660	–	–
II. Balance at 1 January 2015	**2,672,629**	**–**	**686,506**	**(847,187)**	**3,126,406**	**16,651,960**	**4,991,801**	**27,282,115**	2,662,396	651,828	(660,788)	3,121,288	14,899,313	–	3,822,091	24,496,128
III. Movements for the year																
(I) Total comprehensive income																
1. Net profit	**–**	**51,900**	**–**	**–**	**–**	**1,922,105**	**297,956**	**2,271,961**	–	–	–	–	2,477,802	–	556,126	3,033,928
2. Other comprehensive income	**–**	**–**	**–**	**329,057**	**–**	**–**	**(9,639)**	**319,418**	–	–	(186,399)	–	–	–	4,749	(181,650)
Sub-total of 1&2	**–**	**51,900**	**–**	**329,057**	**–**	**1,922,105**	**288,317**	**2,591,379**	–	–	(186,399)	–	2,477,802	–	560,875	2,852,278
(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**	10,233	104,512	–	–	–	–	–	114,745
3. Contributions by minority shareholders	**–**	**–**	**106,284**	**–**	**–**	**–**	**1,478,518**	**1,584,802**	–	–	–	–	–	–	89,900	89,900
4. Increase in minority interests resulting from acquisition or establishment of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**168,598**	**168,598**	–	(51,925)	–	–	–	–	730,593	678,668
5. Decrease in capital surplus resulting from acquisition of minority interests of subsidiaries	**–**	**–**	**(4)**	**–**	**–**	**–**	**(77,426)**	**(77,430)**	–	(114,093)	–	–	–	–	(65,428)	(179,521)
6. Disposal of subsidiaries (without loss of control)	**–**	**–**	**441,939**	**–**	**–**	**–**	**190,022**	**631,961**	–	–	–	–	–	–	–	–
7. Disposal of subsidiaries (loss of control)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	(1,634)	(1,634)
8. Increase in capital resulting from the exercise of share options by subsidiaries	**–**	**–**	**(1,876)**	**–**	**–**	**–**	**13,274**	**11,398**	–	10,972	–	–	–	–	3,259	14,231
9. Increase in shareholders' equity resulting from share-based payments	**–**	**–**	**46,218**	**–**	**–**	**–**	**16,152**	**62,370**	–	85,212	–	–	–	–	10,379	95,591
10. Issue of other equity instruments	**–**	**1,981,143**	**–**	**–**	**–**	**–**	**–**	**1,981,143**	–	–	–	–	–	–	–	–
11. Recognisation 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)**	**–**	**–**	–	–	–	5,118	(5,118)	–	–	–
2. Profit distribution to shareholders	**–**	**–**	**–**	**–**	**–**	**(833,748)**	**(115,699)**	**(949,447)**	–	–	–	–	(720,037)	–	(158,234)	(878,271)
IV. Balance at 31 December 2015	**2,977,820**	**2,033,043**	**3,181,863**	**(518,130)**	**3,203,578**	**17,663,145**	**6,953,557**	**35,494,876**	2,672,629	686,506	(847,187)	3,126,406	16,651,960	–	4,991,801	27,282,115

8.5.8 Statement of Changes in Shareholders' Equity of the Company (audited)

Unit: RMB thousand

Item	2015 Share capital	2015 Other equity instruments	2015 Capital surplus	2015 Other comprehensive income	2015 Surplus reserve	2015 Undistributed profits	2015 Total shareholders' equity	2014 Share capital	2014 Capital surplus	2014 Other comprehensive income	2014 Surplus reserve	2014 Undistributed profit	2014 Total shareholders' equity
I. Balance at 31 December 2014	**2,672,629**	**-**	**129,788**	**43,754**	**3,126,406**	**1,594,245**	**7,566,822**	2,662,396	8,480	–	3,121,288	1,308,078	7,100,242
Add: Changes in accounting policies	–	**-**	**-**	**-**	**-**	**-**	**-**	–	(43,754)	43,754	–	–	–
II. Balance at 1 January 2015	**2,672,629**	**-**	**129,788**	**43,754**	**3,126,406**	**1,594,245**	**7,566,822**	2,662,396	(35,274)	43,754	3,121,288	1,308,078	7,100,242
III. Movements for the year													
(I) Total comprehensive income													
1. Net profit	–	**51,900**	**-**	**-**	**-**	**719,815**	**771,715**	–	–	–	–	1,011,322	1,011,322
2. Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	–	–	–	–	–	–	–
Sub-total of 1&2	–	**51,900**	**-**	**-**	**-**	**719,815**	**771,715**	–	–	–	–	1,011,322	1,011,322
(II) Capital contributions and withdrawal by owners													
1. Capital contributions by owners	**286,096**	**-**	**2,941,543**	**-**	**-**	**-**	**3,227,639**	–	–	–	–	–	–
2. Increase in shareholders' equity resulting from share-based payments	**-**	**-**	**6,999**	**-**	**-**	**-**	**6,999**	–	60,550	–	–	–	60,550
3. Increase in capital resulting from the exercise of share options by the Company	**19,095**	**-**	**201,245**	**-**	**-**	**-**	**220,340**	10,233	104,512	–	–	–	114,745
4. Issue of other equity instruments	**-**	**1,981,143**	**-**	**-**	**-**	**-**	**1,981,143**	–	–	–	–	–	–
(III) Profit distribution													
1. Appropriation to surplus reserve	**-**	**-**	**-**	**-**	**77,172**	**(77,172)**	**-**	–	–	–	5,118	(5,118)	–
2. Profit distribution to shareholders	**-**	**-**	**-**	**-**	**-**	**(833,748)**	**(833,748)**	–	–	–	–	(720,037)	(720,037)
IV. Balance at 31 December 2015	**2,977,820**	**2,033,043**	**3,279,575**	**43,754**	**3,203,578**	**1,403,140**	**12,940,910**	2,672,629	129,788	43,754	3,126,406	1,594,245	7,566,822

Notes:

1. BASIS OF PREPARATION

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

The financial statements are prepared on a going concern basis.

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.

2. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the year ended 31 December 2015 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 2015 and of their financial performance, cash flows and other information for the year then ended.

3. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

4. ACCOUNTS RECEIVABLE

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

Unit: RMB thousand

	31 December 2015	31 December 2014
Containers	**2,866,510**	2,649,228
Road transportation vehicles	**1,965,433**	2,014,614
Energy, chemical and liquid food equipment	**2,914,140**	3,413,376
Offshore engineering	**286,859**	890,573
Airport facilities equipment	**1,140,820**	1,093,472
Logistics services	**1,011,101**	1,008,977
Heavy trucks	**477,892**	499,441
Others	**465,788**	263,558
Subtotal	**11,128,543**	11,833,239
Less: Provision for bad debts	**(461,494)**	(352,774)
Total	**10,667,049**	11,480,465

(2) The ageing of accounts receivable is analysed as follows:

Unit: RMB thousand

	31 December 2015	31 December 2014
Within 1 year (inclusive)	**9,772,401**	9,875,738
1 to 2 years (inclusive)	**784,534**	1,269,555
2 to 3 years (inclusive)	**394,997**	281,404
Over 3 years	**176,611**	406,542
Subtotal	**11,128,543**	11,833,239
Less: Provision for bad debts	**(461,494)**	(352,774)
Total	**10,667,049**	11,480,465

5. ACCOUNTS PAYABLE

Unit: RMB thousand

	31 December 2015	31 December 2014
Due to raw materials suppliers	**7,574,540**	10,320,317
Due to integrated logistics service providers	**358,539**	253,586
Due to engineering contractors	**335,406**	388,045
Due to engineering suppliers	**272,175**	164,844
Due to equipment suppliers	**209,973**	116,385
Transportation fees	**69,655**	111,266
Processing fees	**36,664**	9,061
Others	**36,053**	1,399
Total	**8,893,005**	11,364,903

The ageing of accounts payable is analysed as follows:

	31 December 2015	31 December 2014
With 1 year (inclusive)	**8,513,311**	11,212,248
1 to 2 years (inclusive)	**286,922**	48,846
2 to 3 years (inclusive)	**42,221**	44,834
Over 3 years	**50,551**	58,975
Total	**8,893,005**	11,364,903

6. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	Note	**2015**	2014
Undistributed profits at the beginning of the year		**16,651,960**	14,899,313
Add: Net profit attributable to shareholders and other equity holders of the parent company for the current year		**1,974,005**	2,477,802
Less: Effect of issue of perpetual bonds		**(51,900)**	–
Less: Appropriation to surplus reserve		**(77,172)**	(5,118)
Less: Ordinary share dividends payable	*(1)*	**(833,748)**	(720,037)
Undistributed profits at the end of the year		**17,663,145**	16,651,960

(1) Dividends of ordinary shares declared during the year

Unit: RMB thousand

	2015	2014
Dividends proposed but not declared at the end of the year	**–**	–
Total proposed dividends in the year	**833,748**	720,037

In accordance with the resolution at the general meeting of the Company, dated on 8 June 2015, the Company paid a cash dividend in the amount of RMB0.31 per share to the ordinary shareholders on 22 July 2015 (2014: RMB0.27 per share), amounting to RMB833,748,000 calculated by issued shares (2014: RMB720,037,000).

7. REVENUE AND COST OF SALES

Unit: RMB thousand

	2015	2014
Revenue from principal operations	**57,259,634**	68,773,066
Revenue from other operations	**1,426,170**	1,297,789
Cost of sales from principal operations	**47,401,899**	58,018,973
Cost sales from other operations	**679,344**	750,050

8. INCOME TAX EXPENSES

Unit: RMB thousand

	2015	2014
Current income tax calculated based on tax law and related regulations	**911,614**	1,100,097
Movements in deferred income tax	**22,777**	(563,609)
Total	**934,391**	536,488

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

Unit: RMB thousand

	2015	2014
Profit before income tax	**3,206,352**	3,570,416
Income tax calculated at applicable tax rates	**805,860**	846,986
Effect of tax incentive	**(169,656)**	(176,829)
Expenses not deductible for tax purposes	**110,624**	128,608
Income not subject to tax	**(63,761)**	(11,539)
Tax effect of utilisation of previously unrecognised tax losses on deferred tax assets	**(167,820)**	(22,535)
Unrecognised tax losses	**295,360**	178,608
Tax effect of utilisation of deductible temporary differences of previously unrecognised deferred tax assets	**(25,525)**	(4,237)
Effect of tax rate change on deferred tax	**8,810**	6,343
Tax refund for income tax annual filing	**1,490**	1,847
Releasing provisions for previously recognised deferred tax assets	**157,339**	–
Releasing tax provisions for profit of foreign holding companies in current year	**(18,330)**	(410,764)
Income tax expense	**934,391**	536,488

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

	2015	2014
The Company	**25%**	25%
Subsidiaries registered in China	**15-25%**	15-25%
Subsidiaries registered in Hong Kong	**16.5-25%**	16.5-25%
Subsidiaries registered in British Virgin Islands	**–**	–
Subsidiary registered in Suriname	**36%**	36%
Subsidiary registered in Cambodia	**20%**	20%
Subsidiary registered in US	**15-35%**	15-35%
Subsidiary registered in Germany	**15.83-31.6%**	15.83-31.6%
Subsidiary registered in Britain	**20%**	21%
Subsidiary registered in Australia	**30%**	30%
Subsidiary registered in the Netherlands	**25.5%**	25.5%
Subsidiary registered in Belgium	**34%**	34%
Subsidiary registered in Denmark	**23.5%**	24.5%
Subsidiary registered in Poland	**19%**	19%
Subsidiary registered in Thailand	**20%**	20%
Subsidiary registered in Singapore	**17%**	17%
Subsidiary registered in Sweden	**26.3%**	26.3%

9. EARNINGS PER SHARE

(1) Basic earnings per share

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

	2015	2014
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company	**1,974,005**	2,477,802
Effect of issue of perpetual bonds	**(51,900)**	–
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**1,922,105**	2,477,802
Weighted average number of ordinary shares outstanding ('000)	**2,681,116**	2,666,735
Basic earnings per share (RMB per share)	**0.72**	0.93
Including: Going concern basic earnings per share	**0.72**	0.93

(2) Diluted earnings per share

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**	2014
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company		**1,974,005**	2,477,802
Effect of issue of perpetual bonds		**(51,900)**	–
Effect of subsidiaries' share option program		**(4,113)**	(19,315)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)		**1,917,992**	2,458,487
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000) (adjusted)	*(a)*	**2,698,523**	2,678,461
Diluted earnings per share (RMB per share)		**0.71**	0.92

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

	2015	2014
Weighted average number of ordinary shares outstanding ('000)	**2,681,116**	2,666,735
Effect of share options of the Company ('000)	**17,407**	11,726
Weighted average number of ordinary shares outstanding (diluted) ('000)	**2,698,523**	2,678,461

The Board of the Company was authorised to grant 60,000,000 share options (2.01% of the total of 2,977,819,686 shares issued by the Company) to the senior management and other staff.

10. SEGMENT REPORTING

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 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
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	935,005	(7,171,092)	-	47,401,899
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	36,478	-	62,509	1,911,254
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)	(262,733)	(119,859)	(197,936)	3,206,352
Income tax expenses	323,234	164,848	167,470	25,708	1,079	44,637	29,050	50,988	76,166	7,811	(13,836)	57,236	934,391
Net profit/(losses)	996,073	572,381	475,123	(11,871)	62,316	100,983	773,699	339,773	(404,777)	(270,544)	(106,023)	(255,172)	2,271,961
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	5,637,860	(17,098,043)	6,280,512	106,763,171
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	2,484,587	(50,552,665)	33,268,209	71,268,295
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	1,680	(11,307)	162,314	745,865
– 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	588,009	-	4,889	16,395,686

Segment information as at and for the year ended 31 December 2014 is as follows:

Unit: RMB thousand

Item	Containers 2014	Road transportation vehicles 2014	Energy, chemistry and liquid food equipment 2014	Offshore engineering 2014	Airport facilities equipment 2014	Logistics services 2014	Finance 2014	Property development 2014	Heavy trucks 2014	Others 2014	Elimination between segments 2014	Unallocated items 2014	Total 2014
External revenue	23,702,510	13,168,980	12,301,667	5,706,447	2,726,946	8,156,192	1,484,030	1,136,070	698,889	989,124	–	–	70,070,855
Inter-segment revenue	110,296	221,142	613,988	6,158,178	–	316,850	96,996	–	360,192	213,620	(8,091,262)	–	–
Cost of sales from principal operations	20,409,230	10,985,824	10,367,102	11,262,067	2,131,531	7,610,835	776,137	682,877	1,007,059	1,042,633	(8,256,322)	–	58,018,973
Investment income/(losses) in associates and joint ventures	7,234	1,957	(1,497)	–	–	31,728	16,683	62,492	(6,213)	(12,127)	–	(41,133)	59,124
Assets impairment losses	64,860	62,840	16,600	(73,740)	10,486	48,581	88,066	(591)	24,249	53,178	(10,391)	–	284,138
Depreciation and amortisation expenses	372,766	282,132	281,687	227,635	19,400	175,241	244,719	7,385	89,888	36,757	–	65,047	1,802,657
Interest income	195,463	61,907	25,287	5,822	3,512	12,999	88,407	8,750	3,731	767,982	(920,849)	21,590	274,601
Interest expenses	98,262	107,786	70,798	475,493	64,587	40,625	103,669	33,306	46,113	31,345	(721,618)	816,329	1,166,695
Total profit/(losses)	972,123	837,645	1,222,407	8,327	103,368	189,488	613,053	275,031	(73,769)	(225,259)	290,357	(642,355)	3,570,416
Income tax expenses	261,685	189,364	177,921	3,666	16,612	51,659	54,437	71,377	(13,295)	14,611	–	(291,549)	536,488
Net profit/(losses)	710,438	648,281	1,044,486	4,661	86,756	137,829	558,616	203,654	(60,474)	(239,870)	290,357	(350,806)	3,033,928
Total assets	17,523,763	10,462,047	11,936,837	23,685,439	2,947,002	4,348,684	16,180,076	4,003,970	3,709,617	4,600,531	(15,692,844)	4,071,059	87,776,181
Total liabilities	10,357,563	5,078,841	6,818,576	23,250,995	2,112,337	3,048,728	13,748,988	3,181,823	3,186,138	3,001,622	(41,670,914)	28,379,369	60,494,066
Other material non-cash items:													
– Other non-cash expenses/(income) other than depreciation and amortisation	209,780	57,835	(1,095)	(62,785)	2,859	56,305	98,004	(682)	23,938	(51,630)	(10,391)	170,815	492,953
– Long-term equity investments of associates and joint ventures	42,904	50,236	4,457	–	–	370,270	143,394	111,678	203,807	23,751	–	215,177	1,165,674
– The amount of additions to non-current assets other than long-term equity investment	1,215,361	680,390	831,577	1,592,479	440,057	413,122	14,591,694	9,312	2,282,766	6,519	–	88,388	22,151,665

11. CONTINGENCIES

(1) Contingent liabilities

CIMC Raffles (a subsidiary of the Group) entered into drilling platform construction contracts with relevant purchasers, which involve terms of compensation for delivery postponement. As for portion of the contracts, the management expected the risk of paying compensation for delivery postponement to be high, and therefore relevant provisions of USD8,225,000 (RMB53,410,000) were made by the management based on the daily compensation amount negotiated in the terms of contracts and the most possible days to be postponed for delivery.

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd (a subsidiary of the Group) provided guarantees for certain customers' purchase of mixer trucks with mortgage loans, while the customers' repayment delayed severely and the management expected it's likely to pay the bank loans on behalf of the customers, therefore, relevant provisions of RMB26,530,000 were made.

(2) Guarantees provided for external parties

CIMC Vehicle, a subsidiary of the Group, signed contracts with Bank of Communications, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle and its subsidiaries arising from purchase of vehicle products. As at 31 December 2015, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle and its subsidiaries provided guarantees to the distributors and customers was approximately RMB809,315,000 (31 December 2014: RMB847,892,000).

CIMC Raffles (a subsidiary of the Group) provided guarantees for its customers' vessel leasing. As at 31 December 2015, amounts of the guarantees totaled approximately RMB477,500,000.

Yangzhou CIMC Grand Space Real Estate Development Co., Ltd, Yangjiang Shangdong Furi Real Estate Co., Ltd and Yangzhou CIMC Dayu Real Estate Development Co., Ltd, subsidiaries of the Group, provided guarantees to purchasers of commodity homes by way of secured loans. The amount of guarantees provided by the Group was approximately RMB537,417,000 as at 31 December 2015 (31 December 2014: RMB138,673,000).

CIMC Enric, a subsidiary of the Group, provided guarantees to Sinopacific Offshore & Engineering Co., Ltd. for its bank borrowings. As at 31 December 2015, the outstanding borrowings for which CIMC Enric had provided guarantees amounted to RMB550,000,000. Management of CIMC Enric considered that no provision is in need for such matter.

(3) Notes payable issued but not accounted for, outstanding letters of credit issued but undue and outstanding performance guarantees

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 2015, the Group had notes payable issued but not accounted for and outstanding letters of credit totalling RMB1,022,074,000 (31 December 2014: RMB1,412,328,000).

As at 31 December 2015, CIMC Tianda, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totalling RMB625,391,000, of which balance of performance guarantees, payment guarantees, bid guarantees and quality guarantees was RMB501,466,000, RMB34,240,000, RMB59,457,000 and RMB30,228,000 respectively (total balance as at 31 December 2014: RMB213,478,000).

As at 31 December 2015, CIMC Enric Holdings Limited, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totalling RMB777,036,000, of which balance of performance guarantees and prepayment guarantees, bid guarantees and quality guarantees, and project progress guarantees was RMB735,718,000, RMB7,255,000 and USD5,246,000 (RMB34,063,000) respectively (total balance as at 31 December 2014: RMB5,172,000).

As at 31 December 2015, CIMC Raffles (a subsidiary of the Group) had outstanding balance of guarantees issued by relevant banks totalling USD151,961,000 (RMB986,776,000), of which balance of payment guarantees, prepayment guarantees, quality guarantees and performance guarantees was USD6,078,000 (RMB39,467,000), USD92,130,000 (RMB598,256,000), USD21,753,000 (RMB141,258,000) and USD32,000,000 (RMB207,795,000) respectively (total balance as at 31 December 2014: RMB625,982,000).

(4) Significant pending litigations

CIMC Raffles, a subsidiary of the Group, entered into a drilling platform construction contract with relevant shipowner, of which such drilling platforms were delivered in 2015. However, the relevant shipowner believed that the vessels constructed by CIMC Raffles failed to meet the technical requirements under the constructions contract due to their technical problem, they claimed for compensation of USD2 million to CIMC Raffles. As of the date of the audit report, the arbitration is still in progress. Management expected compensation is likely to be paid for such arbitration, and thus has provided provision of USD2 million (RMB12,987,000) in 2015.

12. COMMITMENTS

Capital commitments

Unit: RMB thousand

	2015	2014
Fixed assets purchase contracts entered but not performed or performed partially	**10,657**	2,657
External investment contracts entered but not performed or performed partially	**556,006**	150,355
Vessels manufactured for sales or lease	**383,489**	519,242
External investments approved by the Board	**10,029**	24,062
Total	**960,181**	696,316

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

Unit: RMB thousand

	31 December 2015	31 December 2014
Buildings, machinery and equipment	**10,029**	24,062

13. NET CURRENT ASSETS

Unit: RMB thousand

	The Group	
	31 December 2015	31 December 2014
Current assets	**43,530,325**	45,172,177
Less: Current liabilities	**45,921,237**	43,340,077
Net current assets	**(2,390,912)**	1,832,100

	The Company	
	31 December 2015	31 December 2014
Current assets	**18,581,257**	13,510,335
Less: Current liabilities	**12,652,519**	10,227,084
Net current assets	**5,928,738**	3,283,251

14. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB thousand

	The Group	
	31 December 2015	31 December 2014
Total assets	**106,763,171**	87,776,181
Less: Current liabilities	**45,921,237**	43,340,077
Total assets less current liabilities	**60,841,934**	44,436,104

	The Company	
	31 December 2015	31 December 2014
Total assets	**27,836,485**	22,685,293
Less: Current liabilities	**12,652,519**	10,277,084
Total assets less current liabilities	**15,183,966**	12,458,209

9 REPURCHASE, SALE OR REDEMPTION OF SHARES

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 2015.

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

The Company has adopted the provisions in relation to dealing in shares of the Company by directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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.

11 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been committed to enhancing the Company's corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfill corporate responsibility as a listed company as well as 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.1.1, 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.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals". During the reporting period, the Company held 19 board meetings and 3 of which were regular meetings. During the management and monitoring of business operations, executive directors from time to time decide to propose holding meetings for important business and administrative matters. Therefore, some of the decisions are made by all the directors by way of written resolutions. The directors believe that the fairness and effectiveness of the decision-making process related to business needs have been adequately ensured. Going forward, the Company will strive to practice good corporate governance practices.

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

Corporate Governance Code A.6.7 requires that "Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders". Independent non-executive directors, i.e. Li Kejun, Mr. Pan Chengwei and Mr. Wong Kwai Huen, failed to attend the First Extraordinary General Meeting of 2015 held on 3 March 2015 due to engagement in other important businesses.

12 AUDIT COMMITTEE

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. Li Kejun 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 2015.

By order of the Board
China International Marine Containers (Group) Co., Ltd.
Wang Hong
Chairman

Hong Kong, 28 March 2016

As at the date of this announcement, the Board comprises Mr. WANG Hong (Chairman), Mr. ZHANG Liang (Vice Chairman) and Mr. WU Shuxiong as non-executive directors; Mr. MAI Boliang as executive director; and Mr. LI Kejun, Mr. PAN Chengwei and Mr. WONG Kwai Huen, Albert as independent non-executive directors.