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 2019 (SUMMARY OF THE 2019 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 misrepresentations, misleading statements or material omissions contained in this results announcement for the year ended 31 December 2019 (the "**Announcement**"), and individually and collectively 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 2019 (the "**2019 Annual Report**").

The Announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com). The Announcement is a summary of the 2019 Annual Report and the full version of the 2019 Annual Report will be posted on the above websites in due course.

1.2 The 2019 Annual Report and the Announcement have been considered and approved at the 2nd meeting of the ninth session of the Board in 2020 (the "**Board Meeting**"). All Directors have attended the Board Meeting. All directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2019 Annual Report and the 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 2019, 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 contained in the Announcement have been agreed by PricewaterhouseCoopers, and are consistent with the amounts set out in the Group's audited consolidated financial report for 2019. 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 Announcement.

1.4 Mr. WANG Hong, Chairman of the Board, Mr. MAI Boliang, executive director, CEO and President of the Company, and Mr. ZENG Han, General Manager of the Finance Management Department of the Company, warrant the truthfulness, accuracy and completeness of the financial statements in the 2019 Annual Report and the Announcement.

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

1.6 The 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.

1.7 The reporting period (the "**Reporting Period**") means the twelve months started from 1 January 2019 and ended on 31 December 2019.

1.8 The 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 of the Company

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

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

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

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

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	**Wang Xinjiu**
	Vice President, Secretary to the Board, Company Secretary	Representative of Securities Affairs
Telephone:	(86 755) 2669 1130	(86 755) 2680 2706
Facsimile:	(86 755) 2682 6579	(86 755) 2682 6579
Email:	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 data for prior years by the Company due to change of accounting policies and correction of accounting errors

☐Yes ✓No

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

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

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

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

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

Unit: RMB thousand

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

Unit: RMB thousand

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

Unit: RMB thousand

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

3.3 Key Financial Indicators of the Group for the Last Five Years

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

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

3.4 Non-recurring Profit or Loss Items of the Group for the Last Three Years

Unit: RMB thousand

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

4 SHAREHOLDINGS AND SHAREHOLDING STRUCTURE CHART

4.1 Number of Shareholders and Shareholdings

As at 31 December 2019, the Company had a total of 3,584,504,382 shares in issue, including 1,524,612,452 A shares and 2,059,891,930 H shares.

The total number of shareholders of the Company as at 31 December 2019 was 80,576, including 80,548 holders of A shares and 28 registered holders of H shares. The 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**") in relation to the minimum public float. The total number of shareholders of the Company as at 29 February 2020, being the end of the month preceding the Announcement, was 80,272, including 80,243 holders of A shares and 29 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 held 5% or above or the top ten Shareholders at the end of the Reporting Period

Unit: Shares

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	58.12%	2,083,223,033	351,961,687	–	2,083,223,033
COSCO Container Industries Limited *(Note 2)*	Foreign legal person	14.47%	518,606,212	86,434,369	–	518,606,212
China Securities Finance Corporation Limited	State-owned legal person	2.37%	84,959,608	14,159,936	–	84,959,608
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	45,592,560	7,598,760	–	45,592,560
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	11,102,880	1,850,480	–	11,102,880
ICBC Credit Suisse Fund - Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	11,054,160	1,842,360	–	11,054,160
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	10,980,360	1,830,060	–	10,980,360

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
Yinhua Fund – Agricultural Bank - Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	10,912,920	1,818,820	–	10,912,920
E Fund – Agricultural Bank - E Fund China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	10,842,719	1,807,120	–	10,842,719
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Asset Management Plan	Domestic non-state-owned legal person	0.30%	10,797,600	1,799,600	–	10,797,600
Explanation on the relationship or concerted action of the above shareholders		Unknown				

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

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

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 2019, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

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

(L) Long position

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

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

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

Save as disclosed above and so far as the directors are aware, as at 31 December 2019, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests 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

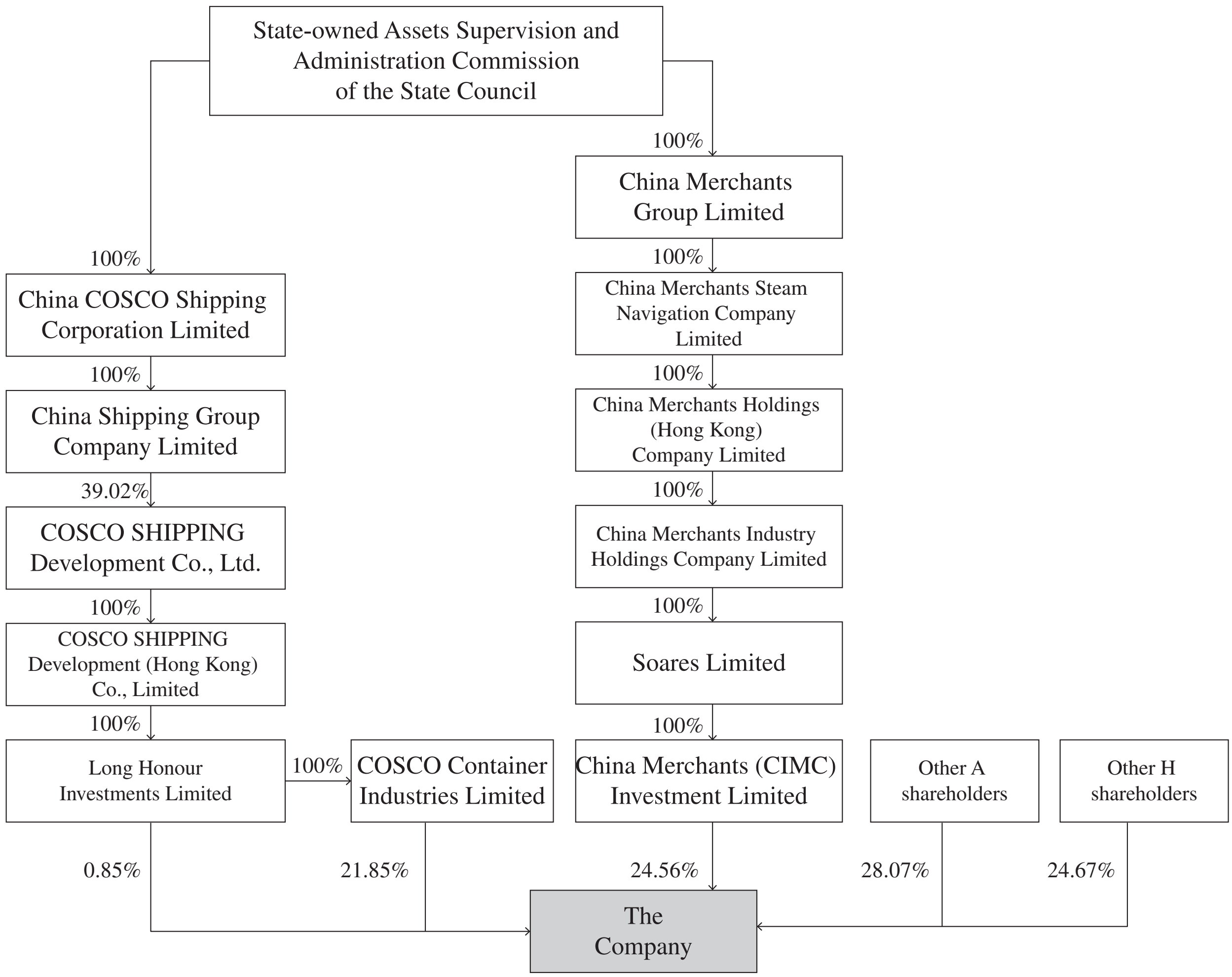
The Company has no controlling shareholder or actual controller, and there was no change during the Reporting Period. As of the end of the Reporting Period, the substantial shareholders of the Company are China Merchants Group and China COSCO Shipping.

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

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

Apart from China Merchants Group and China COSCO Shipping, no other legal person holds shares representing 10% or more of the total issued 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 2019, the US-China trade tension escalated and global economic and trading activities had been faced with various uncertainties. Under such complicated economic circumstance, the global economic growth rate dropped significantly, major economies experienced slower growth and emerging economies were under greater downturn pressure. The trade protectionism promoted by the US resulted in the slowdown of global economic growth and the weak global total demand in turn adversely impacted the economic growth of the world. In 2019, the economy of China maintained a generally stable and positive developing trend and the quality of development improved steadily.

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

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

Consolidated Operating Results

Unit: RMB thousand

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

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

Container Manufacturing Business

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

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

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

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

Road Transportation Vehicles Business

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

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

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

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

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

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

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

Energy, Chemical and Liquid Food Equipment Business

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

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

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

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

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

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

Offshore Engineering Business

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

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

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

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

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

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

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

Airport facilities, fire safety and automated logistics equipment business

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

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

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

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

(2) The fire and rescue vehicle business: upon the successively completion of acquisition of equity interest in Shanghai Jindun, Shenyang Jietong and in Zigler, CIMC-TianDa has become the largest domestic fire truck group, and its strategic layout has been further improved, strengthening a solid foundation to step into the industry champion. On the 2019 Beijing international fire exhibition, several fire truck enterprises under CIMC-TianDa participated in the exhibition jointly, showing their strength, image and development goals to the industry, and becoming the highlight of the exhibition. The main market of Shanghai Jindun covers the Yangtze River Delta and the southeast coastal region, and Shenyang Jietong's products can basically reach various major markets throughout the country with its advantages in aerial lift truck independently researched and developed and produced by itself. Ziegler is a well-known enterprise with comprehensive strength in the forefront of the global industry. The profit contribution from the three enterprises was the main reason for the growth of the fire truck business during this year. During this year, the Group also carried out a modular mobile fire stations business. After the government institutional reform in 2018, it formally becomes one of the important functions of the local governments that the fire department at all levels included in fire and rescue bureau of the Ministry of Emergency Management, taking the fire prevention, firefighting and rescue work. Such business is under well development and is expected to be the main drivers of the Group's business growth.

(3) The automated logistics systems business: the Group continued to increase its market share in the industries in which it has a competitive edge with a significant increase in the contract amount of individual project, and the general operation and synergy effect has commenced to present. We has continued to make breakthroughs in major markets, and successfully bid for an order of RMB360 million for state-owned airport baggage system in India, becoming the largest airport baggage equipment integrator in India.

(4) The smart parking equipment business: the Group successfully bid for stereo e-bus terminal station and terminal project which is the first global initiative in Shenzhen.

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

Heavy Trucks Business

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

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

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

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

Logistics Services Business

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

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

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

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

Industrial City Development Business

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

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

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

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

Finance and Asset Management Business

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

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

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

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

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

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

Other Businesses

Modular Building Business

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

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

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

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

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

Multimodal Transport Business

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

Major Projects

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

5.3 Business Prospects of the Group in 2020

5.3.1 Macroeconomic Environment and Policies

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

5.3.2 Industry Development Trend and Market Outlook

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

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

In respect of the energy, chemical and liquid food equipment business: The year of 2020 is the last year of "Three-Year Action Plan to Win the Battle for a Blue Sky" (《打贏藍天保衛戰三年行動計劃》), and the domestic environmental protection policies will strongly drive the growth of natural gas demand in China. In terms of the clean energy segment, it will actively integrate the resources advantage, adopt differentiation competitive strategy, in collaboration with industry leading companies for new growth opportunities, at the same time, will further integrate overseas energy business, and increase the investment in resources in the field of clean energy, particularly in the new business chain fields, such as the application of in nuclear energy and hydrogen energy as well as other clean energy reserves. In terms of the chemical environment segment, the markets in developed countries in Europe and the United States currently have reached a stage of steady growth. The demand for tank containers in emerging markets will gradually increase due to the replacement and upgrading of traditional transportation methods in the local chemical industry, and the greater attention to the safe, green and efficient transportation of dangerous cargos, which in turn will promote the growth of the global tank containers market to an extent. In terms of the liquid food segment, it will focus on the existing market to expand the existing business, launch innovative products and services, improve the business positioning, make use of the existing equipment and services and actively explore new business opportunities, striving to maintain continuous growth in the future.

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

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

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

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

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

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

5.3.3 Overall Operation Targets and Initiatives for Main Business Segments

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

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

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

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

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

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

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

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

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

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

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

5.3.4 Main Risk Factors for Future Development of the Group

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

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

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

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

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

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

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 the Announcement.

Revenue 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

	2019		2018		
Segment	**Revenue**	**Percentage in total revenue**	Revenue	Percentage in total revenue	Year-on-year change
Containers manufacturing	**20,162,782**	**23.50%**	31,536,221	33.73%	(36.06%)
Road transportation vehicles	**23,335,378**	**27.19%**	24,399,718	26.10%	(4.36%)
Energy, chemical and liquid food equipment	**15,075,116**	**17.57%**	14,162,800	15.15%	6.44%
Offshore engineering	**4,516,575**	**5.26%**	2,433,598	2.60%	85.59%
Airport facilities, fire safety and automated logistics equipment	**5,962,172**	**6.95%**	4,671,147	5.00%	27.64%
Heavy trucks	**2,548,553**	**2.97%**	2,487,666	2.66%	2.45%
Logistics services	**9,157,288**	**10.67%**	8,628,262	9.23%	6.13%
Industrial city development	**1,435,996**	**1.67%**	2,893,205	3.09%	(50.37%)
Finance and asset management	**2,212,999**	**2.58%**	2,092,384	2.24%	5.76%
Others	**4,301,281**	**5.01%**	4,231,489	4.52%	1.65%
Combined offset	**(2,892,799)**	**(3.37%)**	(4,038,868)	(4.32%)	28.38%
Total	**85,815,341**	**100.00%**	93,497,622	100.00%	(8.22%)

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

Region (by geographical locations of customers)	**2019** Revenue	**2019** Percentage in total revenue	2018 Revenue	2018 Percentage in total revenue	Year-on-year change
China	**45,317,471**	**52.81%**	44,558,488	47.66%	1.70%
America	**14,409,712**	**16.79%**	23,406,096	25.03%	(38.44%)
Europe	**14,892,982**	**17.35%**	17,439,309	18.65%	(14.60%)
Asia (excluding China)	**9,250,880**	**10.78%**	6,533,782	6.99%	41.59%
Others	**1,944,296**	**2.27%**	1,559,947	1.67%	24.64%
Total	**85,815,341**	**100.00%**	93,497,622	100.00%	(8.22%)

In 2019, by region, the revenue from China, Asia (excluding China) and other regions has recorded an increase, while the revenue from America and Europe has reported a decrease. For detailed analysis, please refer to the section headed "5.2 Review of the Principal Businesses of the Group during the Reporting Period" herein.

Cost of Sales, Gross Profit and Gross Profit Margin Analysis by Segment

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

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

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

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

In 2019, the Group's cost of sales amounted to RMB73,356 million (2018: RMB79,586 million), representing a year-on-year decrease of approximately 7.83%; the overall gross profit margin amounted to 14.52% (2018: 14.88%), decreased comparing with the same period of the previous year. Out of all segments, heavy trucks, airport facilities, fire safety and automated logistics equipment, industrial city development and offshore engineering segments saw an increase in its gross profit margin; containers manufacturing, road transportation vehicles, energy, chemical and liquid food equipment and logistics services segments remained stable; and finance and asset management segments recorded a decline. For specific analysis, please refer to the section headed "5.2 Review of the Principal Businesses of the Group during the Reporting Period" in the Announcement.

Non-operating Income

In 2019, the Group's non-operating income amounted to RMB198.534 million (2018: RMB374.891 million), representing a year-on-year decrease of 47.04%, mainly due to the higher base for the corresponding period of last year driven by the factor that the comparative bases include the gains recognized from enterprises merger.

Research and Development Expenses

In 2019, the Group's research and development expenses amounted to RMB1,437.046 million (2018: RMB993.416 million), representing a year-on-year increase of 44.66%, mainly due to more investments in technology research and development made by the Group during the Reporting Period.

Sales Expenses

In 2019, the Group's sales expenses amounted to RMB2,297.273 million (2018: RMB1,744.260 million), representing a year-on-year increase of 31.70%, mainly due to a year-on-year increase in cost of sales resulting from that the combined effect of improved performance of road transportation vehicles, offshore engineering, airport facilities and industrial city development businesses and mergers during the Reporting Period.

General and Administrative Expenses

In 2019, the Group's general and administrative expenses amounted to RMB5,204.271 million (2018: RMB5,158.990 million), representing a year-on-year increase of 0.88%.

Financial Expenses

In 2019, the Group's financial expenses amounted to RMB1,276.165 million (2018: RMB1,158.896 million), representing a year-on-year increase of 10.12%.

Provisions for Asset Impairment and Losses

In 2019, the Group made provisions for asset impairment and losses totalling RMB6,029.373 million (2018: RMB2,819.708 million), representing a year-on-year increase of 113.83%, mainly due to the large provision for asset impairment of offshore engineering platforms made by the Group during the Reporting Period.

Income Tax Expenses

In 2019, the income tax expenses paid by the Group amounted to RMB3,103.761 million (2018: RMB2,615.103 million), representing a year-on-year increase of 18.69%, mainly due to the recognition of income tax expenses resulting from the recognized land revenue from Qianhai project.

Profits Attributable to Minority Shareholders

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

Cash Flows

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

Unit: RMB thousand

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

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

Liquidity and Financial Resources

The Group’s cash at bank and on hand primarily consists of cash and bank deposits. As at 31 December 2019, the Group’s cash at bank and on hand amounted to RMB9,714.792 million (31 December 2018: RMB9,729.152 million), remaining stable. The Group’s cash at bank and on hand primarily consists of cash and bank deposits which are mainly denominated in RMB and US dollars.

The Group’s development funds primarily consist of cash derived from operation, bank loans and other borrowings. 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 amount of cash on hand to repay the bank loans due and ensure the development of our businesses.

Bank Loans and Other Borrowings

As at 31 December 2019, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings, debentures payable and other current liabilities (issuance of super & short-term commercial papers/ commercial notes) amounted to a total of RMB65,795.689 million (31 December 2018: RMB62,267.518 million).

Unit: RMB thousand

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

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

The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed at fixed rates and floating rates. As at 31 December 2019, the Group's long-term interest-bearing debts are mainly RMB-denominated floating rate contracts amounted to RMB20,626,847,000 (31 December 2018: RMB20,910,958,000). The interest rate range of the Group's short-term borrowings is 1.40% to 6.31% (31 December 2018: 1.40% to 6.40%), and the interest rate range of long-term borrowings is 1.20% to 6.87% (31 December 2018: 1.20% to 7.13%).The long-term borrowings are mainly expired within five years.

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed at fixed rates. As at 31 December 2019, the remaining fixed-rate debentures issued by the Group amounted to RMB8,014.049 million (31 December 2018: RMB10,005.775 million). The maturity date of debentures is mainly distributed within one to three years.

Other Equity Instruments

Unit: RMB thousand

	31 December 2018	Issued in the year	Interest-bearing at par value	Payment in the year	Other increase in the year	31 December 2019
18 Hai Yun Ji Zhuang MTN002	2,006,165	–	103,400	(103,400)	–	2,006,165
18 Renewable Corporate Bonds (Tranche 1)	2,001,380	–	97,000	(97,000)	–	2,001,380
Total	**4,007,545**	**–**	**200,400**	**(200,400)**	**–**	**4,007,545**

	31 December 2017	Issued in the year	Interest-bearing at par value	Payment in the year	Other increase in the year	31 December 2018
15 CIMC MTN001	2,033,043	–	51,900	(2,103,800)	18,857	–
18 Hai Yun Ji Zhuang MTN002	–	1,987,264	18,901	–	–	2,006,165
18 Renewable Corporate Bonds (Tranche 1)	–	1,994,340	7,040	–	–	2,001,380
Total	**2,033,043**	**3,981,604**	**77,841**	**(2,103,800)**	**18,857**	**4,007,545**

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

On 4 December 2018, the Group issued unsecured perpetual bond at par value to the qualified investors of RMB2 billion ("**18 Renewable Corporate Bonds (Tranche 1)**"). The net amount was RMB1,994,340,000 after the deduction of issue expenses. The equity instrument was issued for general corporate finance purposes. The interest rate of the equity instrument is 4.85% per annum for the first three interest-bearing years and are paid annually from 5 December 2019 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every three years. This instrument has no fixed maturity date, and the Company can choose to redeem at the par value together with any accrued, unpaid or deferred interest on or after 5 December 2021 or later every three interest-bearing years.

Capital Structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2019, the Group's equity interests attributable to shareholders amounted to RMB55,037.978 million (31 December 2018: RMB52,402.988 million); the total liabilities amounted to RMB117,069.543 million (31 December 2018: RMB106,480.975 million) and the total assets amounted to RMB172,107.521 million (31 December 2018: RMB158,883.963 million). As at 31 December 2019, the gearing ratio of the Group was 68% (31 December 2018: 67%), representing a year-on-year increase of 1%. The 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 liability, in order to maintain an effective capital structure and provide maximum returns for shareholders.

Foreign Exchange Risk and Relevant Hedge

The Group receives majority of its business revenue in U.S. dollars, while most of its expenditure is made in RMB. 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, RMB is still regulated under capital account. As the exchange rates of RMB are affected by domestic and international economic and political situations, and demand for and supply of RMB, and the future exchange rates of RMB against other currencies may vary significantly from the current exchange rates, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group constantly monitors its foreign exchange risk closely and 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 interest rate swap contracts with certain banks. As at 31 December 2019, the Group held 13 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which amounted to a total of approximately USD2,010.207 million, which will be expired from 1 March 2020 to 28 June 2021. As at 31 December 2019, the fair value of the interest rate swap contracts of the Group amounted to RMB42.830 million. Transaction costs on realisation have not been considered when calculating the fair value.

Credit Risk

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

Capital Commitments

As at 31 December 2019, the Group had capital expenditure commitments of approximately RMB340.141 million (31 December 2018: RMB2,010.583 million), which was mainly used for fixed assets purchase contracts entered into but not performed or performed partially, external investment contracts entered into but not performed or performed partially and vessels manufactured for sales or lease. Please refer to note 14 to "8 Financial Report" in the Announcement for details.

Pledge of Assets

As at 31 December 2019, restricted assets of the Group amounted to a total of RMB18,543.985 million (31 December 2018: RMB9,741.784 million), with details summarised as follows:

Unit: RMB thousand

	31 December 2018	Increase in current year	Decrease in current year	Conversion impact of foreign currency statement	**31 December 2019**
– Cash at bank and on hand	1,197,813	832,617	(322,070)	–	**1,708,360**
– Notes receivable	82,963	1,173	(50,212)	–	**33,924**
– Receivables financing	118,026	651,989	(54,410)	–	**715,605**
– Long-term receivables	8,175,480	290,317	(438,037)	–	**8,027,760**
– Inventories	–	8,018,099	–	–	**8,018,099**
– Fixed assets	167,502	–	(127,265)	–	**40,237**
Total	9,741,784	9,794,195	(991,994)	–	**18,543,985**

The restricted cash at bank and on hand was security deposits and deposits with the People's Bank of China by the Finance Company, a subsidiary of the Group. Notes receivables were used for pledge for letter of guarantee and pledge for pool of notes. Receivables financing were discounted notes that have not yet expired and are subject to recourse. Long term receivables and inventories were used as collateral for mortgage loans. The restricted fix assets were used as collateral for long term payables.

Significant Investments and Major Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

During the Reporting Period, apart from an additional major associated companies, Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.* (深圳市太子灣商融置業有限公司), the Group did not have any significant investment, major acquisition or disposal of subsidiaries, associated companies and joint ventures.

During the Reporting period, there were no major investments that accounted for 5% or more of the total assets of the Company at the end of the year.

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

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

Contingent Liabilities

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

Employees and Remuneration Policies

As at 31 December 2019, there were approximately 49,715 employees of the Group (31 December 2018: approximately 51,253) in the PRC. The total staff cost during the Reporting Period, including directors' remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB8,159.122 million (2018: approximately RMB8,839.348 million).

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

Employee Training Programme

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

Employee Pension Scheme

The Group has provided employees with basic pension insurance arranged by local labour and social security bureaus. The Group makes monthly contributions to the pension insurance at the applicable rates and based on the amounts in compliance with local rules. When employees retire, the local labour and social security bureaus are responsible for the payment of the basic pension benefits to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the accounting periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

Share Option Incentive Scheme

The implementation of share option incentive scheme is helpful for the Group to establish an interest sharing and restraint mechanism among the directors, the management and the core employees, by which the management can better balance its short-term and long-term goals, attract and retain talented management candidates and core 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. The effective period of such scheme is ten years from the first grant date of the share options (i.e. 28 September 2010).

Upon the consideration and approval at the 8th meeting of the seventh session of the Board in 2015, the second exercisable period for the First Tranche of Share Options has met the exercise conditions on 12 May 2015 and its actual exercisable period was from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000 options. Upon the consideration and approval at the 14th meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options has met the exercise conditions on 9 October 2015 and its actual exercisable period was from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500 options. As at 28 June 2019, upon the consideration and approval at the 2nd meeting of the ninth session of the Board in 2019 and the implementation of the annual dividend distribution plan of the Company for 2018 on 28 June 2019, the remaining exercisable options for the second exercisable period for the First Tranche of Share Options amounted to 19,456,488 options and the remaining exercisable options for the second exercisable period for the Second Tranche of Share Options amounted to 2,670,660 options. The adjusted option exercise price for the First Tranche of Share Options and Second Tranche of Share Options is RMB8.06/option and RMB12.67/option, respectively. For relevant information about the participants, the number of exercisable options and the option exercise prices, please refer to the announcements published by the Company on Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cimc.com) on 13 May 2015, 9 October 2015 and 28 June 2019.

During the Reporting Period, the total share options exercised under the above mentioned A share(s) option incentive scheme amounted to 2,427,000 options, representing 4.15% of the total (adjusted), among which: 2,427,000 share options were exercised for the First Tranche of Share Options, and 0 share option was exercised for the Second Tranche of Share Options. As at 31 December 2019, the total share options exercised under the above mentioned A share(s) option incentive scheme cumulatively amounted to 28,691,285, representing 49.01% of the total (adjusted). The implementation of the above mentioned A share(s) option incentive scheme has and will have no significant impact on the financial conditions and operating results of the Company during the Reporting Period and in the future.

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 2020" in the Announcement.

Dividend Distribution

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

Use of Proceeds from Global Offering of CIMC Vehicles

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

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

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

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

7 SIGNIFICANT EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

7.1 During the Reporting Period, PricewaterhouseCoopers served as its internal control auditor of the Company. The remuneration in respect of the audit and internal control audit work totaled RMB11.41 million, mainly due to the provision of audit and internal control audit services as required by the Company.

7.2 On 15 January 2019, the Resolution Regarding the Amendment to the Articles of Association of China International Marine Containers (Group) Co., Ltd., the Resolution Regarding the Amendment to the Rules of Procedures for the General Meeting of China International Marine Containers (Group) Co., Ltd., the Resolution Regarding the Amendment to the Rules of Procedures of the Board of Directors of China International Marine Containers (Group) Co., Ltd. and the Resolution Regarding the Amendment to the Rules of Procedures of the Board of Supervisors of China International Marine Containers (Group) Co., Ltd. were considered and approved at the first extraordinary general meeting for 2019, the first A Shareholders' class meeting for 2019 and the first H Shareholders' class meeting for 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-003) on 15 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.3 On 30 January 2019, the Company has completed the issuance of the first tranche of super & short-term commercial papers of the Company for 2019 (the "**Tranche I Super & Short-term Commercial Papers**"). The proceeds raised from the Tranche I Super & Short-term Commercial Papers were fully received on 30 January 2019. The issuance amount of the Tranche I Super & Short-term Commercial Papers was RMB1.5 billion and the issue rate was 2.95% per annum. China Merchants Bank Co., Ltd. is the lead underwriter of the Tranche I Super & Short-term Commercial Papers. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-005) on 30 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.4 On 27 March 2019, the Resolution Regarding Adoption of New Accounting Standards for Business Enterprises was considered and approved at the 3rd meeting of the eighth session of the Board of the Company in 2019, pursuant to which it was agreed that the Company shall adopt the Accounting Standards for Business Enterprises No. 21 – Leases since 1 January 2019, which was revised and issued by the Ministry of Finance of the PRC on 7 December 2018, in accordance with the national unified accounting system (the "**Change in Accounting Policy**"). The Change in Accounting Policy of the Company has been taken into effects from 1 January 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-013 and [CIMC] 2019-017) on 27 March 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.5 On 27 March 2019, pursuant to the provisions and requirements under the CASBE and the Company's relevant accounting management system, the Group re-calculated and handled the accounting matters of provision amounts for impairment of various assets. The Group increased the provision for asset impairment by RMB2,819.708 million in 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-016) on 27 March 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.6 On 27 March 2019, the Company's proposal to register and issue medium-term notes in an amount of no more than RMB8.0 billion and perpetual medium-term notes in an amount of no more than RMB2.0 billion was considered and approved at the 3rd meeting of the eighth session of the Board of the Company in 2019. On 3 June 2019, the Resolution Regarding the Registration and Issuance of Medium-Term Notes (Including Perpetual Medium-Term Notes) was considered and approved at the Company's annual general meeting for 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-013, [CIMC] 2019-022 and [CIMC] 2019-045) on 27 March 2019 and 3 June 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.7 On 15 April 2019, the Company completed the issuance of the first tranche of the Medium Term Note for 2019 (the "**Tranche I Medium Term Note**") according to a notice of acceptance of registration (Zhong Shi Xie Zhu No. [2018] MTN526) from the National Association of Financial Market Institutional Investors. The Tranche I Medium Term Note was issued at par with a size of RMB2.0 billion and a coupon rate of 4.05%. The lead underwriter of the issuance of the Tranche I Medium Term Note shall be Postal Savings Bank of China Co., Ltd., and the joint lead underwriter of the issuance of the Tranche I Medium Term Note shall be Ping An Bank Co., Ltd. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-035) on 15 April 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.8 On 7 August 2019, the Company has completed the issuance of the second and third tranche of super & short-term commercial papers of the Company for 2019. The proceeds raised were fully received on 8 August 2019. The issuance amount of the Tranche II Super & Short-term Commercial Papers was RMB2.1 billion and the issue rate was 2.55% per annum. China Development Bank is the lead underwriter of the Tranche II Super & Short-term Commercial Papers, and Bank of Shanghai Co., Ltd. is the joint lead underwriter of the Tranche II Super & Short-term Commercial Papers. The issuance amount of the Tranche III Super & Short-term Commercial Papers was RMB1.0 billion and the issue rate was 2.55% per annum. Ping An Bank is the lead underwriter of the Tranche III Super & Short-term Commercial Papers, and China CITIC Bank is the joint lead underwriter of the Tranche III Super & Short-term Commercial Papers. On 20 September 2019, the Company has completed the issuance of the fourth tranche of super & short-term commercial papers of the Company for 2019. The proceeds raised from the Tranche IV Super & Short-term Commercial Papers were fully received on 23 September 2019. The issuance amount of the Tranche IV Super &

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

7.9 On 3 June 2019, the Company convened the 2018 annual general meeting, at which the Resolution Regarding Banking Facility and Project Guarantees Provided for the Subsidiaries of the Company in 2018 was considered and approved, pursuant to which it was agreed that the Company would provide guarantees for the financial institution facilities and projects in 2019 of its wholly-owned subsidiaries, non-wholly-owned subsidiaries and associates, and the subsidiaries of the Company would provide guarantees for the financial institution facilities and projects in 2019 of their parent company and their invested wholly-owned subsidiaries, controlled subsidiaries and associates, with total guarantee balance of no more than RMB45 billion in 2019 (involving guarantees between the Company and subsidiaries, guarantees provided by subsidiaries for subsidiaries and the external guarantees provided by the Company and its subsidiaries) and specific guarantees of RMB40 billion. On 27 August 2019, each of the Resolution Regarding Update on Financial Institutions Facility and Project Guarantees Provided for the Subsidiaries of the Company in 2019, the Resolution Regarding Update on the Credit Guarantee Provided by CIMC Enric Holdings Limited and Its Holding Subsidiaries for Their Customers and the Resolution Regarding Update on the Credit Guarantee Provided by CIMC Vehicles (Group) Co., Ltd. and Its Holding Subsidiaries for Their Distributors and Customers was considered and approved the fifth meeting in 2019 of the ninth session of the Board of the Company, pursuant to which it is proposed to conduct internal adjustment on guarantee limit provided for CIMC Modular, CIMC-TianDa, CIMC Vehicles, CIMC Raffles Offshore (Singapore) Pte. Ltd., CIMC Enric, CIMC Financial Leasing Company, and other subsidiaries, and to enlarge the classified guarantee list of subsidiaries. Such matters were considered and approved at the 2019 extraordinary general meeting of the Company on 25 November 2019. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement Nos.: [CIMC]2019-019, [CIMC]2019-045, [CIMC]2019-071, [CIMC]2019-073) and [CIMC]2019-099 on 27 March 2019, 3 June 2019, 27 August 2019 and 25 November 2019, as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.10 In view of the changes in the capital market environment, the Company did not complete the additional issuance within 12 months from the date of approval of the issuance by the CSRC, therefore the Approval of the Issue of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1390) received by the Company on 28 August 2018 from the CSRC regarding the approval on the Company to issue not more than 343,315,321 additional overseas listed foreign shares (namely H shares) was automatically expired. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-075), as well as the announcement published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 August 2019.

7.11 On 20 September 2019, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2019] No.MTN586) (the "**No. 586 Notice of Acceptance**") from the National Association of Financial Market Institutional Investors, approving the Company to register and issue the medium term notes, the registered amount shall be RMB2.0 billion and effective for a period of two years from the date of No. 586 Notice of Acceptance. On 10 October 2019, the Company completed the issuance of the second tranche of the medium term note for 2019 (the "**Tranche II Medium Term Note**") according to No. 586 Notice of Acceptance. The Tranche II Medium Term Note was issued at par with a size of RMB2.0 billion and a coupon rate of 3.64%. The proceeds from the issuance of Tranche II Medium Term Note will be used for repayment of the Company's matured debt. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.:[CIMC]2019-084), as well as the relevant announcement published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 10 October 2019.

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

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

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

7.15 On 19 December 2018, the Resolution on Participating in the Rights Issue of TSC Group Holdings Limited was considered and approved at the twenty-fifth meeting in 2018 of the eighth session of the Board of directors of the Company, pursuant to which it was agreed that China International Marine Containers (Hong Kong) Limited, a wholly-owned subsidiary of the Company, will participate in the rights issue at a ratio of 1:1 in accordance with the 92,800,000 shares held by TSC Group Holdings Limited, which was renamed as CMIC Ocean En-Tech Holding Co., Ltd. on 13 February 2019 (the "**CMIC Ocean En-Tech**"). The subscription price is at HK$0.45, and the subscription amount is HK$41.76 million. The independent Directors of the eighth session of the Board of directors of the Company have expressed their independent opinions thereon. On 24 January 2019, the Group paid the amount of HK$41,760,000 to subscribe for 92,800,000 shares of CMIC Ocean En-Tech. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2018-117 and [CIMC] 2019-004) on 19 December 2018 and 24 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.16 In December 2018, CIMC Enric Investment Holdings (Shenzhen) Co., Ltd. (中集安瑞科投資控股(深圳)有限公司) ("**Enric Shenzhen**"), a subsidiary of the Company, received certain litigation papers including notification calling for responses to the action and summons served by the Jiangsu Province High People's Court, where SOEG PTE LTD claimed that Enric Shenzhen shall (1) pay for the remaining balance of the equity transfer of RMB153,456,000; (2) bear the attorney fee loss of RMB50,000; (3) bear the costs of this litigation. The case has been accepted by the Court and is pending for judgement. As at the end of the Reporting Period, no provision has been made for the aforesaid litigation. The aforesaid litigation has no material adverse impact on the Group's daily production and operation, financial status or solvency. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www. cninfo.com.cn) and the Company's website (www.cimc.com) on 31 January 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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

7.18 On 12 April 2019, the Resolution on the Equity Transfer of Tianjin Port CIMC Zhenhua Logistics Co., Ltd. was considered and approved at the fifth meeting in 2019 of the eighth session of the board of directors of the Company. Mr. Wang Yuhang (Vice chairman) and Mr. Liu Chong (Director), being connected directors, have abstained from voting for the aforesaid resolution due to their respective positions in China COSCO Shipping Corporation Limited and its subsidiaries. And the remaining of six non-connected directors have voted. The independent directors of the Company have conducted pre verification and expressed their independent opinions. On 12 April 2019, Zhenhua Logistics Group Co., Ltd.* (振華物流集團有限公司), a subsidiary of the Company (the "**Zhenhua Logistics Group**"), and SPEEDIC ENTERPRISE CORP, a wholly-owned subsidiary of the Company (the "**SPEEDIC**") entered into equity transfer agreements with COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司) (the "**COSCO SHIPPING Lines**") respectively, pursuant to which, Zhenhua Logistics Group and SPEEDIC transferred their 24% and 36% equity interest in Tianjin Port CIMC Zhenhua Logistics Co., Ltd.* (天津港中集振華物流有限公司) (the "**Tianjin Port CIMC Zhenhua Logistics**") to COSCO SHIPPING Lines at the consideration of RMB32,038,434.54 and RMB48,057,651.81 respectively. Upon completion of the transactions, Zhenhua Logistics Group, COSCO SHIPPING Lines and Tianjin Port International Logistics Development Co., Ltd.* (天津港國際物流發展有限公司) will hold 6%, 60% and 34% equity interest in Tianjin Port CIMC Zhenhua Logistics respectively, and SPEEDIC will no longer hold shares in Tianjin Port CIMC Zhenhua Logistics. Tianjin Port CIMC Zhenhua Logistics will no longer be included in the consolidated statements of the Group. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www. cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC] 2019-031 and [CIMC] 2019-033) on 12 April 2019, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

7.19 On 1 August 2019, CIMC Skyspace Real Estate, a subsidiary of the Company, entered into the Cooperation Agreement with Shenzhen Country Garden Property Investment Co., Ltd. (深圳市碧桂園房地產投資有限公司) (the "**Shenzhen Country Garden**"). Pursuant to the Cooperation Agreement, Shenzhen Country Garden makes a capital injection of RMB33,333,333 and RMB33,333,333 respectively to Shenzhen Jihong Investment Co., Ltd. (深圳市集宏投資有限公司) (the "**Jihong Investment**") and Shenzhen Jiyuan Investment Co., Ltd. (深圳市集遠投資有限公司) (the "**Jiyuan Investment**") for the cooperative development of the Prince Bay Project. Upon the completion of the capital injection, Shenzhen Country Garden will respectively hold 40% equity interest in Jihong Investment and Jiyuan Investment, while CIMC Skyspace Real Estate will respectively hold 60% equity interest in Jihong Investment and Jiyuan Investment, both of which will be the non-wholly-owned subsidiaries of CIMC Skyspace Real Estate and the Company. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-065), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 1 August 2019.

7.20 CIMC Skyspace Real Estate, a controlling subsidiary of the Company, proposed to establish "Zhonglian- Qianhai-Kaiyuan – Phase I Asset-backed Special Program of No. 1 CIMC Skyspace Real Estate Industrial Park" (the "**Special Program**", the product name is subject to the final name of the product at the time of issuance of the Special Program) with certain leased residential and commercial units of the CIMC Zhihui Garden (Dongguan) Project (中

集智薈園(東莞)項目) held by Shenzhen Chenyu Investment Development Co., Ltd. (深圳市辰宇投資發展有限公司) and Dongguan CIMC Jingying Apartment Management Co., Ltd. (東莞中集菁英公寓管理有限公司), wholly-owned subsidiaries of CIMC Skyspace Real Estate, as property assets, to carry out asset securitization financing business. The Special Program was considered and approved at the 4th meeting of the ninth session of the Board of the Company on 13 August 2019, and is not required to be submitted to the general meeting of the Company for consideration and approval. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-069), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 13 August 2019.

7.21 On 24 October 2019, the Company convened the eighth meeting in 2019 of the ninth session of the Board, and the Resolution on Registration and Issuance of Private Placement Notes (PPN) by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. was considered and approved at the meeting. CIMC Skyspace Real Estate proposed to apply for registration and issuance of private placement notes (PPN) of no more than RMB2.0 billion with a term of no more than 3 years with the National Association of Financial Market Institutional Investors of the PRC. The matter was considered and approved at the second extraordinary general meeting in 2019, and subject to the approval of relevant competent authorities/departments. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2019-087, [CIMC]2019-088 and [CIMC]2019-099), as well as the announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 24 October 2019 and 25 November 2019.

7.22 On 30 October 2019, Merchants Shekou and Shenzhen Jixing Development Co., Ltd.* (深圳市集星發展有限公司) (the "**Jixing Development**") entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.* (深圳市太子灣商融置業有限公司) (the "**Shangrong Real Estate**"), and Merchants Shekou and Shenzhen Jisheng Development Co., Ltd.* (深圳市集盛發展有限公司) (the "**Jisheng Development**") entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Taiziwan Shangtai Real Estate Co., Ltd.* (深圳市太子灣商泰置業有限公司) (the "**Shangtai Real Estate**"). Jixing Development and Jisheng Development received the interest-free financial assistance totaling no more than RMB4.9 billion, including no more than RMB2.3 billion of financial assistance received by Jixing Development from Shangrong Real Estate and no more than RMB2.6 billion of financial assistance received by Jisheng Development from Shangtai Real Estate (the "**Acceptance of Financial Assistance**"). Merchants Shekou and Shenzhen Jida Development Co., Ltd.* (深圳市集達發展有限公司) (the "**Jida Development**") entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Leyi Property Co., Ltd.* (深圳市樂藝置業有限公司) (the"Leyi Property"), and Merchants Shekou and Shenzhen Jiyu Development Co., Ltd.* (深圳市集宇發展有限公司) (the "**Jiyu Development**") entered into the Framework Agreement on the Borrowing of Surplus Funds with Shenzhen Shangqi Real Estate Co., Ltd.* (深圳市商啟置業有限公司) (the "**Shangqi Real Estate**"). Leyi Real Estate agreed to provide the financial assistance to Jida Development and Merchants Shekou in proportion to its shareholding and Shangqi Real Estate agreed to provide the financial assistance to Jiyu Development and Merchants Shekou in proportion to its shareholding. During the authorization period, Leyi Real Estate and Shangqi Real Estate provided the financial assistance totaling no more than

RMB2.6 billion to external parties, including no more than RMB1.4 billion of financial assistance provided by Leyi Real Estate to Merchants Shekou and no more than RMB1.2 billion of financial assistance provided by Shangqi Real Estate to Merchants Shekou (the "**Provision of Financial Assistance**"). Acceptance of Financial Assistance and Provision of Financial Assistance together referred to as "Financial Assistance". On 30 October 2019, the resolution concerning the Financial Assistance has been considered and approved at the 10th meeting of the ninth session of the Board of the Company in 2019. Mr. Wang Hong and Mr. HU Xianfu, both being related Directors, abstained from voting. Other non-related Directors unanimously agreed to the resolution. The independent Directors of the Company have conducted a prior review and expressed independent opinions. Financial Assistance has been considered and approved at the Third Extraordinary General Meeting of 2019. For details, please refer to the announcements of the Company (Announcement No.: [CIMC] 2019-092 and [CIMC] 2019-103) published on China Securities Journal, Securities Times, Shanghai Securities News, the Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 30 October 2019 and 16 December 2019, as well as the announcements published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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

8 FINANCIAL REPORT

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

✓Yes ☐No

The Ministry of Finance promulgated the new leasing standards in 2018, and issued the non-monetary assets exchange standards and debt restructuring standards, and the Group has adopted the above standards and notices to prepare the financial statements in 2019. The revised non-monetary assets exchange standards and debt restructuring standards have no significant impact on the Group and the Company, and the impact of other amendments on the Group and the Company's statements are as follows:

(1) Revision on the formats of general corporate financial statement

Influences on balance sheet and income statement are as follow:

Unit: RMB thousand

Contents and reasons for changes on accounting policies	**Names of affected statements items**	**Affected Amount**			
		The Group		**The Company**	
		31 December 2018	**1 January 2018**	**31 December 2018**	**1 January 2018**
The Group and the Company divided notes receivable and accounts receivable into notes and accounts receivable.	accounts receivable	17,895,919	16,396,726	–	–
	notes receivable	1,423,547	1,376,864	–	–
	notes and accounts receivable	(19,319,466)	(17,773,590)	–	–
				–	–
The Group and the Company divided notes payable, and accounts payable into accounts payable and notes payable.	accounts payable	13,210,828	12,216,311	–	–
	notes payable	1,889,785	1,785,456	–	–
	notes payable and accounts payable	(15,100,613)	(14,001,767)	–	–
				–	–
The Group and the Company reclassified notes receivable at FVTOCI from other current assets to financing items of accounts receivable.	Receivables financing	179,412	–	–	–
	Other current assets	(179,412)	–	–	–
For the government subsidies included in the deferred income of the Group and the Company, if the amortization period is only one year or less, or if it is expected that the part amortized in the next year (including one year) will not be classified as the non-current liability item due within one year, it will still be presented in the deferred income item.	Deferred income	398,872	–		
	Non-current liabilities due within one year	(398,872)	–		

(2) Lease

The Group and the Company initially implemented the new lease standards on 1 January 2019. According to relevant regulations, the Group and the Company will not reevaluate the existing contract options before the initial implementation date. The cumulative impact of the Group and the Company on the standards is adjusted to the amount of retained earnings and related items in the financial statements at the beginning of 2019. The comparative financial statements in 2018 are not restated.

Unit: RMB thousand

Contents and reasons for changes on accounting policies	Names of affected statements items	Affected amount 1 January 2019	
		The Group	The Company
For the existing operating lease contracts before the initial implementation of the new lease standards, the Group and the Company distinguish different connection methods according to the remaining lease term:	Right-of-use assets	393,063	–
	Lease liabilities	(206,687)	–
	Non-current liabilities due within one year	(69,483)	–
	Advances to suppliers	(116,893)	–
If the remaining lease term is longer than 1 year, the Group and the Company shall recognize the lease liability according to the remaining lease payment and incremental borrowing rate on January 1, 2019, and determine the book value of the right to use asset according to the amount equal to the lease liability and the necessary adjustment according to the prepaid rent.			

Unit: RMB thousand

Contents and reasons for changes on accounting policies	Names of affected statements items	Affected amount 1 January 2019 The Group	The Company
If the remaining lease term is less than 1 year, the Group and the Company adopt the simplified method, do not recognize the right to use assets and lease liabilities, and have no significant impact on the financial statements.			
The Group and the Company adopt the simplified method for the operating lease contract of low value assets existing before the implementation of the new lease standard for the first time, and do not recognize the right to use assets and lease liabilities, which has no significant impact on the financial statements.			
As a result of the implementation of the new lease standards, the Group and the Company reclassified the fixed assets originally included in the fixed assets into the right to use asset items, and reclassified the financial lease payables originally included in the long-term payables into the lease liabilities.	Right-of-use assets	260,072	–
	Fixed assets	(260,072)	–
	Long-term payables	31,690	–
	Non-current liabilities due within one year		
	-Long-term payables	83,384	–
	Lease liabilities	(31,690)	–
	Non-current liabilities due within one year		
	Lease liabilities	(83,384)	–

On 1 January 2019, the Group and the Company adopted the same discount rate for lease contracts with similar characteristics when measuring lease liabilities, and the weighted average value of the incremental borrowing rate adopted is 4.96%.

On 1 January 2019, the Group and the Company adjusted the unpaid minimum operating lease payments disclosed under the original leasing standards to the reconciliation table of lease liabilities recognized under the new leasing standards as follows:

Unit: RMB thousand

	The Group	**The Company**
Future minimum operating lease payments disclosed on 12 December 2018	467,145	–
Present value of the above minimum operating lease payments discounted at the incremental borrowing rate	418,896	–
add: financial lease payables on 31 December 2018	115,074	–
less: present value of lease contract payments below 12 months	142,726	–
Lease liabilities recognized on 1 January 2019 (including non -current liabilities due within one year)	391,244	–

Note: On 31 December 2018, the Group and the Company disclosed that the standard of minimum operating lease payment unpaid did not include renewal option. When determining the lease liability on the initial execution date, the Group and the Company shall include the lease payment during the renewal period into the lease liability for the lease reasonably determined to exercise the renewal option.

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

☐Yes ✓No

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

The changes in the scope of consolidation for the current year are mainly due to subsidiaries that were acquired, newly established or disposed of. The subsidiaries newly included in the scope of consolidation for the current year are Ningxia Chang Ming Natural Gas Development Co., Ltd., DME Process System Ltd., Shenyang Jietong Fire Truck Co., Ltd., Shanghai Jindun Special Vehicle Equipment Co., Ltd., Hefei Chuangyu New Energy Technology Co., Ltd., Neptune Supply Chain Technology Limited and Shenzhen CIMC Building Design Institute Co., Ltd.. The subsidiaries no longer included in the scope of consolidation for the current year are Creation Charter Limited, Ningbo CIMC Container Manufacture Co., Ltd., Leopard Fleet Service Inc, Tianjin Port CIMC Zhenhua Logistics Co., Ltd. and Yanzhou Jizhi Real Estate Co., Ltd..

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

☐Yes ✓No

8.5 Financial Statements Prepared in Accordance with CASBE

8.5.1 Consolidated Balance Sheet (audited)

Unit: RMB thousand

	Note	**31 December 2019**	31 December 2018
Assets			
Current assets:			
Cash at bank and on hand		**9,714,792**	9,729,152
Financial assets held for trading		**415,503**	193,676
Derivative financial assets		**100,980**	49,055
Notes receivables	*4(1)*	**636,619**	1,423,547
Accounts receivables	*4(2)*	**18,394,971**	17,895,919
Receivables financing		**1,236,504**	179,412
Prepaid accounts		**2,887,353**	6,861,297
Other receivables		**7,591,488**	11,276,144
Inventories		**41,302,279**	27,335,324
Contract assets		**1,946,010**	1,514,348
Assets held for sale		**93,102**	197,874
Current portion of non-current assets		**4,294,669**	4,387,886
Other current assets		**1,408,857**	859,325
Total current assets		**90,023,127**	81,902,959
Non-current assets:			
Other debt investments		**31,272**	30,581
Long-term receivables		**13,777,669**	13,874,369
Long-term equity investments		**5,363,574**	3,569,900
Other equity investments		**1,373,385**	984,155
Other non-current financial assets		**74,445**	332,081
Investment properties		**2,769,715**	1,966,277
Fixed assets		**37,849,258**	23,188,737
Construction in progress		**9,827,563**	24,164,814
Intangible assets		**5,157,551**	4,660,847
Right-of-use assets		**971,211**	–
Development expenditures		**94,078**	99,062
Goodwill		**2,182,326**	1,954,985
Long-term prepaid expenses		**753,154**	322,175
Deferred tax assets		**1,800,265**	1,441,267
Other non-current assets		**58,928**	391,754
Total non-current assets		**82,084,394**	76,981,004
TOTAL ASSETS		**172,107,521**	158,883,963

8.5.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Note	**31 December 2019**	31 December 2018
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings		**17,557,197**	19,898,221
Derivative financial liabilities		**352,167**	342,726
Notes payables	*5(a)*	**2,581,139**	1,889,785
Accounts payables	*5(b)*	**12,745,264**	13,210,828
Advances from customers		**40,683**	132,001
Contract liabilities		**9,000,821**	7,252,088
Employee benefits payable		**3,441,555**	3,096,818
Taxes payable		**1,851,771**	2,194,085
Other payables		**11,877,217**	9,336,513
Provisions		**1,482,975**	1,083,274
Current portion of non-current liabilities		**9,616,415**	13,676,729
Other current Liabilities		**4,106**	1,024,221
Total current liabilities		**70,551,310**	73,137,289
Non-current liabilities:			
Long-term borrowings		**30,918,302**	25,769,773
Debentures payable		**8,014,049**	2,019,275
Lease liabilities		**667,964**	–
Long-term payables		**108,227**	236,591
Deferred income		**1,096,605**	1,370,465
Deferred tax liabilities		**4,330,065**	1,836,128
Other non-current liabilities		**1,383,021**	2,111,454
Total non-current liabilities		**46,518,233**	33,343,686
Total liabilities		**117,069,543**	106,480,975
Shareholders' equity:			
Share capital		**3,584,504**	2,984,989
Other equity instruments		**4,007,545**	4,007,545
Including: Perpetual bonds		**4,007,545**	4,007,545
Capital reserve		**4,881,311**	4,128,400
Other comprehensive income		**1,715,326**	838,711
Surplus reserve		**3,582,343**	3,282,585
Undistributed profits	*6*	**21,482,857**	22,082,769
Total equity attributable to shareholders and other equity holders of the Company		**39,253,886**	37,324,999
Minority interests		**15,784,092**	15,077,989
Total shareholders' equity		**55,037,978**	52,402,988
Total liabilities and Shareholders' equity		**172,107,521**	158,883,963

8.5.2 Balance Sheet of the Company (audited)

Unit: RMB thousand

	Note	**31 December 2019**	31 December 2018
Assets			
Current assets:			
Cash at bank and on hand		**1,576,298**	1,745,889
Derivative financial assets		**4,781**	4,734
Note receivables		**100**	–
Other receivables		**25,625,655**	25,239,000
Other current assets		**96**	441
Total current assets		**27,206,930**	26,990,064
Non-current assets:			
Other equity investments		**728,037**	689,273
Long-term equity investments		**12,836,563**	11,471,599
Investment properties		**117,347**	–
Fixed assets		**133,544**	137,939
Construction in progress		**43,687**	93,894
Intangible assets		**89,776**	13,949
Long-term prepaid expenses		**10,280**	18,867
Deferred tax assets		**56,075**	90,569
Total non-current assets		**14,015,309**	12,516,090
Total assets		**41,222,239**	39,506,154

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

Unit: RMB thousand

	Note	**31 December 2019**	31 December 2018
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings		**6,460,000**	6,235,000
Derivative financial liabilities		**3,379**	–
Employee benefits payable		**342,521**	367,011
Taxes payable		**23,792**	15,513
Other payables		**755,251**	2,523,517
Current portion of non-current liabilities		**800,000**	8,886,500
Other current liabilities		**–**	1,000,000
Total current liabilities		**8,384,943**	19,027,541
Non-current liabilities:			
Long-term borrowings		**3,409,000**	1,753,000
Debentures payable		**8,000,000**	2,000,000
Provisions		**18,680**	–
Deferred income		**14,680**	18,569
Total non-current liabilities		**11,442,360**	3,771,569
Total liabilities		**19,827,303**	22,799,110
Shareholders' equity;			
Share capital		**3,584,504**	2,984,989
Other equity instruments		**4,007,545**	4,007,545
Including: Perpetual bonds		**4,007,545**	4,007,545
Capital reserve		**2,758,230**	3,337,205
Other comprehensive income		**470,500**	344,122
Surplus reserve		**3,582,343**	3,282,585
Undistributed profits		**6,991,814**	2,750,598
Total shareholder' equity		**21,394,936**	16,707,044
Total liabilities and Shareholders' equity		**41,222,239**	39,506,154

8.5.3 Consolidated Income Statement (audited)

Unit: RMB thousand

Item		*Note*	**2019**	2018
I.	**Revenue**	*7*	**85,815,341**	93,497,622
	Less: Cost of sales	*7*	**73,355,605**	79,586,408
	Taxes and surcharges		**706,768**	955,557
	Selling and distribution expenses		**2,297,273**	1,744,260
	General and administrative expenses		**5,204,271**	5,158,990
	Research and development expenses		**1,437,046**	993,416
	Financial expenses		**1,276,165**	1,158,896
	Including: Interest expenses		**1,634,747**	1,928,060
	Interest income		**490,214**	590,292
	Asset impairment losses	*8*	**5,224,120**	2,425,624
	Credit losses		**521,473**	304,550
	Add: Other income		**893,366**	386,822
	Investment income/(losses)		**326,936**	(82,029)
	Including: Share of profit of associates and joint ventures		**34,819**	166,415
	Fair value losses		**(156,752)**	(239,620)
	Gains on disposals of assets	*9*	**8,982,577**	5,241,911
II.	**Operating profit**		**5,838,747**	6,477,005
	Add: Non-operating income		**198,534**	374,891
	Less: Non-operating expenses		**423,407**	168,338
III.	**Profit before income tax**		**5,613,874**	6,683,558
	Less: Income tax expenses	*10*	**3,103,761**	2,615,103
IV.	**Net profit**		**2,510,113**	4,068,455
	Classified by business continuity			
	Net profit from continuing operations		**2,510,113**	4,068,455
	Net profit from discontinued operations		**–**	–
	Classified by ownership			
	Net profit attributable to shareholders and other equity holders of the parent company		**1,542,226**	3,380,436
	Minority profit or loss		**967,887**	688,019

8.5.3 Consolidated Income Statement (audited) (Continued)

Unit: RMB thousand

Item		*Note*	**2019**	2018
V.	**Other comprehensive income, net of tax**		**1,075,476**	263,110
	Attributable to shareholders and other equity holders of the Company		**876,615**	163,064
	Items that will not be reclassified to profit or loss		**236,677**	(172,827)
	Changes in value of other equity investments		**236,677**	(172,827)
	Items that may be reclassified subsequently to profit or loss		**639,938**	335,891
	Changes in value of other debt investments		**683**	1,599
	Gain of cash flow hedges		**(142)**	(1,014)
	Revaluation gain on the date of transfer from owner-occupied properties to investment properties		**188,210**	57,788
	Other comprehensive income that can be transferred to profit and loss under equity method		**–**	–
	Transfer of other comprehensive income from the sale of investment properties		**–**	–
	Currency translation differences		**451,187**	277,518
	Minority interests		**198,861**	100,046
VI.	**Total comprehensive income**		**3,585,589**	4,331,565
	Attributable to shareholders and other equity holders of the Company		**2,418,841**	3,543,500
	Minority interests		**1,166,748**	788,065
VII.	**Earnings per share**			
	Basic earnings per share (RMB)	*11(1)*	**0.37**	0.92
	Diluted earnings per share (RMB)	*11(2)*	**0.37**	0.92

8.5.4 Income Statement of the Company (audited)

Unit: RMB thousand

Item		*Note*	**2019**	2018
I.	**Revenue**		**475,277**	346,019
	Less: Cost of sales		**2,129**	–
	Taxes and surcharges		**8,055**	5,507
	General and administrative expenses		**323,836**	402,347
	Research and development expenses		**1,801**	5,681
	Financial (income)/expenses		**(183,086)**	(17,276)
	Including: Interest expenses		**902,334**	698,019
	Interest income		**964,172**	444,985
	Asset impairment losses		**336,550**	88,086
	Add: Other income		**8,020**	9,672
	Investment profit		**6,413,986**	1,533,768
	Profit from changes in the fair value		**(3,332)**	5,348
	Gains on disposals of assets		**(250)**	25,471
II.	**Operating profit**		**6,404,416**	1,435,933
	Add: Non-operating income		**3,110**	1,360
	Less: Non-operating expenses		**18,883**	8,353
III.	**Profit before income tax**		**6,388,643**	1,428,940
	Less: Income tax credits/(gains)		**5,289**	(17,429)
IV	**Net profit**		**6,383,354**	1,446,369
	Classified by business continuity			
	Net profit from continuing operations		**6,383,354**	1,446,369
	Net profit from discontinued operations		**–**	–
V.	**Other comprehensive income, net of tax**		**126,378**	(150,976)
	Items that will not be reclassified to profit or loss		**38,764**	(150,976)
	Changes in value of other equity investments		**38,764**	(150,976)
	Revaluation gain on the date of transfer from owner-occupied properties to investment properties		**87,614**	–
VI.	**Total comprehensive income**		**6,509,732**	1,295,393

8.5.5 Consolidated Cash Flow Statement (audited)

Unit: RMB thousand

Item		Note	2019	2018
I.	**Cash flows from operating activities**			
	Cash received from sales of goods or rendering of services		**86,290,098**	90,161,165
	Refund of taxes and surcharges		**2,487,072**	4,403,842
	Cash received relating to other operating activities		**1,387,982**	1,674,340
	Sub-total of cash inflows		**90,165,152**	96,239,347
	Cash paid for goods and services		**72,757,136**	78,645,780
	Cash paid to and on behalf of employees		**7,817,017**	8,454,783
	Payments of taxes and surcharges		**2,713,118**	3,070,197
	Cash paid relating to other operating activities		**3,339,359**	5,927,855
	Sub-total of cash outflows		**86,626,630**	96,098,615
	Net cash inflows from operating activities		**3,538,522**	140,732
II.	**Cash flows from investing activities**			
	Cash received from disposal of investments		**64,432**	803,499
	Cash received from returns on investments		**198,926**	28,898
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**1,062,021**	2,096,788
	Net cash received from disposal of subsidiaries		**164,896**	51,081
	Cash received relating to other investing activities		**1,490,275**	2,980,266
	Cash paid to acquire fixed assets intangible assets and other long-term assets		**6,566,372**	4,846,517
	Cash paid to acquire investments		**3,600,310**	2,479,482
	Net cash paid to acquire subsidiaries		**407,750**	56,197
	Sub-total of cash outflows		**10,574,432**	7,382,196
	Net cash outflows from investing activities		**(9,084,157)**	(4,401,930)

8.5.5 Consolidated Cash Flow Statement (audited) (Continued)

Unit: RMB thousand

Item	*Note*	**2019**	2018
III. Cash flows from financing activities			
Cash received from capital contributions		**2,738,638**	659,839
Including: Cash received from capital contributions by minority shareholders of subsidiaries		**2,718,098**	615,343
Cash received from borrowings		**75,144,266**	70,916,374
Cash received from issuing bonds		**6,000,000**	6,013,275
Cash received relating to other financing activities		**3,524,379**	1,898,559
Sub-total of cash inflows		**87,407,283**	79,488,047
Cash repayments of borrowings		**78,675,326**	66,659,284
Cash payments for distribution of dividends or profits and interest expenses		**4,839,082**	3,492,289
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		**451,922**	590,643
Cash payments relating to other financing activities		**279,233**	40,708
Sub-total of cash outflows		**83,793,641**	70,192,281
Net cash inflows from financing activities		**3,613,642**	9,295,766
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**59,125**	55,328
V. Net (decrease)/increase in cash and cash equivalents		**(1,872,868)**	5,089,896
Add: Cash and cash equivalents at the beginning of the year		**10,532,753**	5,442,857
VI. Cash and cash equivalents at the end of the period		**8,659,885**	10,532,753

8.5.6 Cash Flow Statement of the Company (audited)

Unit: RMB thousand

Item		*Note*	**2019**	2018
I.	**Cash flows from operating activities**			
	Cash received from sales of goods or rendering of services		**330,953**	378,316
	Cash received relating to other operating activities		**1,026,622**	418,004
	Sub-total of cash inflows		**1,357,575**	796,320
	Cash paid for goods and services		**2,356**	–
	Cash paid to and on behalf of employees		**164,218**	156,252
	Payments of taxes and surcharges		**49,599**	19,181
	Cash paid relating to other operating activities		**2,367,594**	10,226,607
	Sub-total of cash outflows		**2,583,767**	10,402,040
	Net cash outflows from operating activities		**(1,226,192)**	(9,605,720)
II.	**Cash flows from investing activities**			
	Cash received from disposal of investments		**–**	500,000
	Cash received from returns on investments		**6,548,713**	702,469
	Net cash received from disposal of fixed assets		**219**	27,474
	Net Cash received from disposal of subsidiaries		**49,223**	272,353
	Sub-total of cash inflows		**6,598,155**	1,502,296
	Cash paid to acquire fixed assets and other long-term assets		**42,883**	46,626
	Cash paid for investment		**100,000**	500,000
	Net cash paid to acquire subsidiaries		**1,656,119**	518,246
	Cash payments relating to other investing activities		**–**	–
	Sub-total of cash outflows		**1,799,002**	1,064,872
	Net cash inflows from investing activities		**4,799,153**	437,424

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

Unit: RMB thousand

III.	**Cash flows from financing activities**		
	Cash received from investment	**10,833**	44,496
	Cash received from borrowings	**24,980,000**	15,752,000
	Cash received from issuing bonds	**6,000,000**	5,994,000
	Sub-total of cash inflows	**30,990,833**	21,790,496
	Cash repayments of borrowings	**32,199,000**	10,631,000
	Cash payments for distribution of dividends or profits and interest expenses	**2,602,484**	1,578,575
	Cash payments relating to other financing activities	**30,889**	27,391
	Sub-total of cash outflows	**34,832,373**	12,236,966
	Net cash inflows (used in)/from financing activities	**(3,841,540)**	9,553,530
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**	**150**	431
V.	**Net (decrease)/increase in cash and cash equivalents**	**(268,429)**	385,665
	Add: Cash and cash equivalents at the beginning of the year	**721,395**	335,730
VI.	**Cash and cash equivalents at the end of the period**	**452,966**	721,395

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

Unit: RMB thousand

Item	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
	2019							
	Attributable to shareholders and other equity holders of the Parent Company							
I. Balance at 31 December 2018	**2,984,989**	**4,007,545**	**4,128,400**	**838,711**	**3,282,585**	**22,082,769**	**15,077,989**	**52,402,988**
Changes in accounting policies	–	–	–	–	–	–	–	–
II. Balance at 1 January 2019	**2,984,989**	**4,007,545**	**4,128,400**	**838,711**	**3,282,585**	**22,082,769**	**15,077,989**	**52,402,988**
III. Movements for the year								
(I) Total comprehensive income								
1. Net profit	–	**200,400**	–	–	–	**1,341,826**	**967,887**	**2,510,113**
2. Other comprehensive income	–	–	–	**876,615**	–	–	**198,861**	**1,075,476**
Sub-total of 1&2	–	**200,400**	–	**876,615**	–	**1,341,826**	**1,166,748**	**3,585,589**
(II) Capital contributions and withdrawal by owners								
1. Increase in capital resulting from the exercise of share options by the Company	**2,427**	–	**18,113**	–	–	–	–	**20,540**
2. Contributions by minority shareholders	–	–	**15,669**	–	–	–	**2,729,045**	**2,744,714**
3. Increase in minority interests resulting from acquisition or establishment of subsidiaries	–	–	–	–	–	–	**458,984**	**458,984**
4. Acquisition of minority interests of subsidiaries	–	–	**506**	–	–	–	**(84,347)**	**(83,841)**
5. Disposal of subsidiaries (without loss of control)	–	–	**23,150**	–	–	–	**(3,088,425)**	**(3,065,275)**
6. Disposal of subsidiaries (loss of control)	–	–	–	–	–	–	**(92,469)**	**(92,469)**
7. Increase in capital resulting from the exercise of share options by subsidiaries	–	–	**(1,487)**	–	–	–	**45,905**	**44,418**
8. Increase in shareholders' equity resulting from share-based payments	–	–	**39,326**	–	–	–	**18,042**	**57,368**
9. Reversal of the buyback options granted to minority shareholders	–	–	–	–	–	–	–	–
10. Issuance of other equity instruments	–	–	–	–	–	–	–	–
11. Redemption of other equity instruments	–	–	–	–	–	–	–	–
12. Reverse the repurchase right granted to minority shareholders	–	–	**1,249,826**	–	–	–	–	**1,249,826**
13. Increase in capital from capital reserve	**597,088**	–	**(597,088)**	–	–	–	–	–
14. Others	–	–	**4,896**	–	–	–	–	**4,896**
(III) Profit distribution								
1. Appropriation to surplus reserve	–	–	–	–	**299,758**	**(299,758)**	–	–
2. Profit distribution to shareholders	–	–	–	–	–	**(1,641,980)**	**(447,380)**	**(2,089,360)**
3. Interest paid on other equity instruments	–	**(200,400)**	–	–	–	–	–	**(200,400)**
IV. Balance at 31 December 2019	**3,584,504**	**4,007,545**	**4,881,311**	**1,715,326**	**3,582,343**	**21,482,857**	**15,784,092**	**55,037,978**

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

Unit: RMB thousand

Item	2018 Attributable to shareholders and other equity holders of the Parent Company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2017	2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,776,507	43,237,434
Changes in accounting policies	–	–	–	456,344	–	(146,737)	(24,776)	284,831
II. Balance at 1 January 2018	2,982,889	2,033,043	4,209,663	675,647	3,281,535	19,587,757	10,751,731	43,522,265
III. Movements for the year								
(I) Total comprehensive income								
1. Net profit	–	77,841	–	–	–	3,302,595	688,019	4,068,455
2. Other comprehensive income	–	–	–	163,064	–	–	100,046	263,110
Sub-total of 1&2	–	77,841	–	163,064	–	3,302,595	788,065	4,331,565
(II) Capital contributions and withdrawal by owners								
1. Increase in capital resulting from the exercise of share options by the Company	2,100	–	25,167	–	–	–	–	27,267
2. Contributions by minority shareholders	–	–	(40,162)	–	–	–	195,447	155,285
3. Increase in minority interests resulting from acquisition or establishment of subsidiaries	–	–	(55,333)	–	–	–	3,674,770	3,619,437
4. Acquisition of minority interests of subsidiaries	–	–	(1,579)	–	–	–	(39,129)	(40,708)
5. Disposal of subsidiaries (without loss of control)	–	–	(12,114)	–	–	–	84,819	72,705
6. Disposal of subsidiaries (loss of control)	–	–	–	–	–	–	(11,794)	(11,794)
7. Increase in capital resulting from the exercise of share options by subsidiaries	–	–	(5,073)	–	–	–	23,995	18,922
8. Increase in shareholders' equity resulting from share-based payments	–	–	20,578	–	–	–	9,382	29,960
9. Reversal of the buyback options granted to minority shareholders	–	–	–	–	–	–	–	–
10. Issuance of other equity instruments	–	3,981,604	–	–	–	–	–	3,981,604
11. Redemption of other equity instruments	–	(1,981,143)	(18,857)	–	–	–	–	(2,000,000)
12. Reverse the repurchase right granted to minority shareholders	–	–	–	–	–	–	–	–
13. Increase in capital from capital reserve	–	–	–	–	–	–	–	–
14. Others	–	–	6,110	–	–	–	–	6,110
(III) Profit distribution								
1. Appropriation to surplus reserve	–	–	–	–	1,050	(1,050)	–	–
2. Profit distribution to shareholders	–	–	–	–	–	(806,533)	(399,297)	(1,205,830)
3. Interest paid on other equity instruments	–	(103,800)	–	–	–	–	–	(103,800)
IV. Balance at 31 December 2018	2,984,989	4,007,545	4,128,400	838,711	3,282,585	22,082,769	15,077,989	52,402,988

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

Unit: RMB thousand

Item	2019 Share capital	2019 Other equity instruments	2019 Capital surplus	2019 Other comprehensive income	2019 Surplus reserve	2019 Undistributed profits	2019 Total shareholders' equity	2018 Share capital	2018 Other equity instruments	2018 Capital surplus	2018 Other comprehensive income	2018 Surplus reserve	2018 Undistributed profits	2018 Total shareholders' equity
I. Balance at the end of last year	**2,984,989**	**4,007,545**	**3,337,205**	**344,122**	**3,282,585**	**2,750,598**	**16,707,044**	2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769
Changes in accounting policies	–	–	–	–	–	–	–	–	–	–	451,344	–	–	451,344
II. Balance at the beginning of the year	**2,984,989**	**4,007,545**	**3,337,205**	**344,122**	**3,282,585**	**2,750,598**	**16,707,044**	2,982,889	2,033,043	3,330,895	495,098	3,281,535	2,189,653	14,313,113
III. Movements for the year														
(I) Total comprehensive income														
1. Net profit	–	**200,400**	–	–	–	**6,182,954**	**6,383,354**	–	77,841	–	–	–	1,368,528	1,446,369
2. Other comprehensive income	–	–	–	**126,378**	–	–	**126,378**	–	–	–	(150,976)	–	–	(150,976)
Sub-total of 1&2	–	**200,400**	–	**126,378**	–	**6,182,954**	**6,509,732**	–	77,841	–	(150,976)	–	1,368,528	1,295,393
(II) Capital contributions and withdrawal by owners														
1. Increase in shareholders' equity resulting from share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Increase in capital resulting from the exercise of share options by the Company	**2,427**	–	**18,113**	–	–	–	**20,540**	2,100	–	25,167	–	–	–	27,267
3. Issuance of other equity instruments	–	–	–	–	–	–	–	–	3,981,604	–	–	–	–	3,981,604
4. Redemption of other equity instruments	–	–	–	–	–	–	–	–	(1,981,143)	(18,857)	–	–	–	(2,000,000)
5. Increase in capital from capital reserve	**597,088**	–	**(597,088)**	–	–	–	–	–	–	–	–	–	–	–
(III) Profit distribution														
1. Appropriation to surplus reserve	–	–	–	–	**299,758**	**(299,758)**	–	–	–	–	–	1,050	(1,050)	–
2. Profit distribution to shareholders	–	–	–	–	–	**(1,641,980)**	**(1,641,980)**	–	–	–	–	–	(806,533)	(806,533)
3. Interest paid on other equity instruments	–	**(200,400)**	–	–	–	–	**(200,400)**	–	(103,800)	–	–	–	–	(103,800)
IV. Balance at the end of the year	**3,584,504**	**4,007,545**	**2,758,230**	**470,500**	**3,582,343**	**6,991,814**	**21,394,936**	2,984,989	4,007,545	3,337,205	344,122	3,282,585	2,750,598	16,707,044

NOTES:

1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard 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 the "**Accounting Standards for Business Enterprises**") 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.

Certain matters in these financial statements have been disclosed in accordance with the requirements of Hong Kong Companies Ordinance.

The Company's accounting year starts from 1 January to 31 December.

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

The 2019 annual financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely reflect the financial position of the Consolidated and the Company as of 31 December 2019 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 determined based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control refers to that 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 transferred to 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 premium in the capital reserve (capital surplus) in the consolidated balance sheet. If the capital premium in the 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.

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 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 the 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 under shareholder's 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 members of the Parent Company. The unrealised profit and losses arising from sales of assets to the Company by subsidiaries are eliminated against net profit attributable to members of the Parent 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(1) NOTES RECEIVABLE

Unit: RMB thousand

	31 December 2019	31 December 2018
Bank acceptance notes	**580,043**	1,237,458
Trade acceptance notes	**58,068**	186,089
Less: Provision for bad debts	**(1,492)**	–
Total	**636,619**	1,423,547

(a) As at 31 December 2019, the pledged notes receivable stated in notes receivable of the Group were as follows:

	31 December 2019
Bank acceptance notes	**33,294**

(b) As at 31 December 2019, outstanding notes receivables discounted or endorsed by the Group presented in notes receivable are as follows:

	Derecognised	**Not derecognised**
Bank acceptance notes(i)	**2,377,584**	143,995
Trade acceptance notes	**–**	5,334
	2,377,584	149,329

(i) In 2019, only a few bank acceptance notes receivable were endorsed or discounted by some subsidiaries of the Group and derecognized, so they are still classified as financial assets measured at amortized cost. In addition, Due to the needs of daily fund management, the subsidiaries of the Group discounted and endorsed part of bank acceptance notes. The Group therefore classify notes receivables as financial assets at fair value through other comprehensive income, and listed as receivables financing.

The Group's notes receivable are generated from daily business activities such as sales of goods and provision of services. No matter whether there is significant financing component or not, the provision for loss is measured according to the expected credit loss of the whole duration. On 31 December 2019, the Group measured provision as lifetime expected credit losses of RMB1,492,000 (31 December 2018: Nil).

(c) No amount due from shareholders who hold more than 5% (inclusive) of the voting rights of the Company is included in the above balance of notes receivables.

All of the above notes receivables are due within one year.

4(2) ACCOUNTS RECEIVABLE

Unit: RMB thousand

	31 December 2019	31 December 2018
Accounts receivable	**19,530,039**	18,759,381
Less: Provision for bad debts	**(1,135,068)**	(863,462)
	18,394,971	17,895,919

(a) Accounts receivable were analyzed by customer category as follows:

	31 December 2019	31 December 2018
Containers manufacturing	**5,397,086**	6,852,841
Road transportation vehicles	**2,384,897**	2,713,628
Energy, chemical and liquid food equipment	**2,873,133**	3,356,733
Offshore engineering	**1,316,397**	495,519
Airport facilities, fire safety and automated logistics equipment	**2,607,812**	1,848,944
Logistics services	**1,507,332**	1,326,322
Heavy trucks	**1,650,464**	1,060,341
Others	**1,792,918**	1,105,053
Sub-total	**19,530,039**	18,759,381
Less: Provision for bad debts	**(1,135,068)**	(863,462)
Total	**18,394,971**	17,895,919

(b) The aging analysis of account receivables based on recording dates is as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	**17,579,518**	16,161,762
1 to 2 years (inclusive)	**853,807**	997,255
2 to 3 years (inclusive)	**672,276**	868,445
Over 3 years	**424,438**	731,919
Sub-total	**19,530,039**	18,759,381
Less: Provision for bad debts	**(1,135,068)**	(863,462)
Total	**18,394,971**	17,895,919

(c) ***As at 31 December 2019, the combined analysis of the top five accounts receivable balances collected based on default parties was as follows:***

	Balance	Amount of provision for bad debts	Total percentage in the balance of accounts receivable
Total amount of the top five accounts receivable balances	2,533,269	–	12.97%

As at 31 December 2019, the total amount of the top five accounts receivable of the Group amounted to RMB2,533,269,000, accounting for 12.97% of the total accounts receivable.

(d) ***Accounts receivable derecognised due to transfer of financial assets were as follows:***

In 2019 and 2018, the Group did not have accounts receivable derecognised due to transfer of financial assets.

(e) ***Bad debt provision***

For accounts receivable, whether there is significant financing component or not, the Group measures the loss provisions for the expected credit loss during the whole duration.

(i) *As at 31 December 2019, accounts receivables with amounts that the related provision for bad debts is set aside on the individual basis are analysed as follows:*

	Book balance	Lifetime expected credit losses rate	provision for bad debts	Reason
Container manufacturing	3,528,460	3.18%	112,354	
Road transportation vehicles	102,038	16.84%	17,179	
Energy, chemical and liquid food equipment	174,825	68.09%	119,041	
Offshore engineering	2,702	66.51%	1,797	Measured provision as lifetime expected credit losses
Airport facilities, fire safety and automated logistics equipment	313,755	21.97%	68,917	
Logistics services	371,289	2.59%	9,609	
Heavy trucks	404,161	66.78%	269,901	
Others	1,461,033	3.16%	46,219	
	6,358,263		645,017	

(ii) *As at 31 December 2019, the analysis of accounts receivable with bad debt provision made on a collective basis was as follows:*

Portfolio-Containers manufacturing:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime ECL rate**	**Amount**	Amount	Lifetime ECL rate	Amount
Not overdue	**1,628,844**	**0.02%**	**320**	2,965,562	1.92%	56,832
Overdue within 1 month	**9,931**	**0.35%**	**35**	19,558	2.03%	397
Overdue 1 to 3 months	**14,559**	**0.59%**	**86**	93,135	2.86%	2,663
Overdue 3 to 12 months	**92,441**	**2.71%**	**2,503**	144,896	7.16%	10,378
Overdue 1 to 2 years	**101,017**	**5.77%**	**5,829**	5,848	8.69%	508
Overdue 2 to 3 years	**519**	**100.00%**	**519**	20,846	95.00%	19,804
Overdue 3 to 5 years	**21,189**	**100.00%**	**21,189**	44,016	100.00%	44,016
More than 5 years overdue	**126**	**100.00%**	**126**	–	–	–
	1,868,626		**30,607**	3,293,861		134,598

Portfolio-Road transportation vehicles:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime ECL rate**	**Amount**	Amount	Lifetime ECL rate	Amount
Not overdue	**1,494,656**	**1.18%**	**17,623**	925,845	–	–
Overdue within 1 month	**192,751**	**2.73%**	**5,259**	814,206	0.47%	3,825
Overdue 1 to 3 months	**256,294**	**3.22%**	**8,243**	81,093	3.32%	2,689
Overdue 3 to 12 months	**248,003**	**4.04%**	**10,015**	86,100	3.32%	2,855
Overdue 1 to 2 years	**24,735**	**16.89%**	**4,178**	19,453	32.01%	6,226
Overdue 2 to 3 years	**16,473**	**58.31%**	**9,606**	32,856	96.14%	31,588
Overdue 3 to 5 years	**12,510**	**91.92%**	**11,499**	12,072	99.38%	11,997
More than 5 years overdue	**37,437**	**93.63%**	**35,051**	7,549	99.38%	7,502
	2,282,859		**101,474**	1,979,174		66,682

Portfolio- Energy, chemical and liquid food equipment:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime ECL rate**	**Amount**	Amount	Lifetime ECL rate	Amount
Not overdue	**1,773,404**	**0.74%**	**13,048**	1,973,909	0.71%	14,015
Overdue within 1 month	**94,255**	**3.57%**	**3,364**	410,475	3.01%	12,355
Overdue 1 to 3 months	**292,027**	**3.76%**	**10,976**	196,549	3.47%	6,820
Overdue 3 to 12 months	**243,930**	**5.89%**	**14,367**	157,596	5.33%	8,400
Overdue 1 to 2 years	**122,565**	**31.17%**	**38,199**	134,504	17.80%	23,942
Overdue 2 to 3 years	**33,834**	**47.27%**	**15,995**	55,059	52.96%	29,159
Overdue 3 to 5 years	**88,361**	**72.13%**	**63,736**	109,764	61.73%	67,757
More than 5 years overdue	**49,932**	**100.00%**	**49,932**	–	–	–
	2,698,308		**209,617**	3,037,856		162,448

Portfolio- Offshore engineering:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime ECL rate**	**Amount**	Amount	Lifetime ECL rate	Amount
Not overdue	**1,279**	**–**	**–**	24,130	–	–
Overdue within 1 month	**1,156,503**	**1.00%**	**11,529**	–	–	–
Overdue 1 to 3 months	**40,205**	**1.00%**	**404**	–	–	–
Overdue 3 to 12 months	**53,764**	**1.00%**	**540**	–	–	–
Overdue 1 to 2 years	**54,019**	**3.43%**	**1,854**	–	–	–
More than 2 years overdue	**7,925**	**49.78%**	**3,945**	–	–	–
	1,313,695		**18,272**	24,130		–

Portfolio- Airport facilities, fire safety and automated logistics equipment:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
	Amount	**Lifetime ECL rate**	**Amount**	Amount	Lifetime ECL rate	Amount
Not overdue	**1,242,796**	**0.15%**	**1,892**	585,610	–	–
Overdue within 1 month	**17,251**	**0.76%**	**131**	609	–	–
Overdue 1 to 3 months	**62,997**	**0.86%**	**543**	36,200	–	–
Overdue 3 to 12 months	**819,257**	**3.12%**	**25,574**	1,032,773	5.96%	61,576
Overdue 1 to 2 years	**97,907**	**10.62%**	**10,399**	63,655	23.00%	14,641
Overdue 2 to 3 years	**38,560**	**51.66%**	**19,922**	27,959	50.00%	13,980
More than 3 years overdue	**15,289**	**85.64%**	**13,094**	43,511	63.00%	27,412
	2,294,057		**71,555**	1,790,317		117,609

Portfolio- Heavy trucks:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
		Lifetime			Lifetime	
	Amount	**ECL rate**	**Amount**	Amount	ECL rate	Amount
Not overdue	**1,065,717**	**0.56%**	**5,989**	324,894	–	–
Overdue within 1 month	**41,683**	**2.58%**	**1,075**	–	–	–
Overdue 1 to 3 months	**58,402**	**3.67%**	**2,143**	2,026	–	–
Overdue 3 to 12 months	**61,976**	**7.98%**	**4,943**	35,449	23.92%	8,480
Overdue 1 to 2 years	**11,994**	**92.25%**	**11,065**	11,692	31.63%	3,698
More than 2 years overdue	**6,531**	**92.34%**	**6,031**	76,051	47.28%	35,954
	1,246,303		**31,246**	450,112		48,132

Portfolio- Logistics services:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
		Lifetime			Lifetime	
	Amount	**ECL rate**	**Amount**	Amount	ECL rate	Amount
Not overdue	**1,001,022**	**0.04%**	**445**	1,000,650	–	–
Overdue within 1 month	**62,685**	**1.53%**	**957**	84,164	2.00%	1,684
Overdue 1 to 3 months	**15,683**	**2.01%**	**315**	35,958	2.82%	1,014
Overdue 3 to 12 months	**35,484**	**4.47%**	**1,586**	53,622	3.34%	1,791
Overdue 1 to 2 years	**3,449**	**38.59%**	**1,331**	17,974	15.82%	2,843
Overdue 2 to 3 years	**13,368**	**88.79%**	**11,869**	13,256	100.00%	13,256
More than 3 years overdue	**4,352**	**100.00%**	**4,352**	5,444	100.00%	5,444
	1,136,043		**20,855**	1,211,068		26,032

Portfolio- Others:

	31 December 2019			31 December 2018		
	Book balance	**Provision for bad debts**		Book balance	Provision for bad debts	
		Lifetime			Lifetime	
	Amount	**ECL rate**	**Amount**	Amount	ECL rate	Amount
Not overdue	**59,412**	**–**	**–**	62,060	–	–
Overdue within 1 month	**3,504**	**–**	**–**	19,070	21.06%	4,016
Overdue 1 to 3 months	**–**	**–**	**–**	729	–	–
Overdue 3 to 12 months	**152,372**	**0.18%**	**275**	52,034	5.39%	2,808
Overdue 1 to 2 years	**102,428**	**–**	**–**	1,839	–	–
Overdue 2 to 3 years	**12**	**–**	**–**	9	–	–
Overdue 3 to 5 years	**13,356**	**40.05%**	**5,349**	–	–	–
More than 5 years overdue	**801**	**100.00%**	**801**			
	331,885		**6,425**	135,741		6,824

(f) The provision for bad debts for the year was RMB426,864,000 (2018: RMB161,196,000), of which the amount of bad debts recovered or reversed was RMB132,454,000 (2018: RMB62,650,000).

(g) The book balance of accounts receivable actually written off during the year was RMB41,115,000 (2018: RMB77,013,000), and the amount of bad debt provision was RMB41,115,000 (2018: RMB77,013,000)

5(a) NOTES PAYABLE

Unit: RMB thousand

	31 December 2019	31 December 2018
Bank acceptance notes	**2,356,667**	1,572,287
Trade acceptance notes	**224,472**	317,498
Total	**2,581,139**	1,889,785

The above balances were all notes payable due within one year.

5(b) ACCOUNTS PAYABLE

Unit: RMB thousand

	31 December 2019	31 December 2018
Due to raw materials suppliers	**9,827,823**	10,758,110
Due to engineering contractors	**1,197,805**	797,069
Due to integrated logistics service providers	**759,352**	598,652
Due to equipment suppliers	**593,824**	627,542
Due to engineering suppliers	**136,533**	227,014
Processing fees	**67,990**	31,264
Transportation fees	**58,157**	98,615
Others	**103,780**	72,562
Total	**12,745,264**	13,210,828

(1) The aging of accounts payable was analysed based on recording dates is as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	**11,802,112**	12,532,684
1 to 2 years (inclusive)	**510,225**	413,234
2 to 3 years (inclusive)	**200,371**	60,703
Over 3 years	**232,556**	204,207
Total	**12,745,264**	13,210,828

As at 31 December 2019, accounts payable over 1 year is amounted to RMB943,152,000 (31 December 2018: RMB678,144,000), which are mainly payables related to offshore engineering business, energy and chemical business and building construction business. Since the construction period of the offshore engineering project, the production cycle of the energy and chemical project, and building construction projects is usually more than one year, the payables have not yet been settled.

6. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	Note	**2019**	2018
Undistributed profits at the beginning of the year		**22,082,769**	19,734,494
Changes in accounting policies		**–**	(146,737)
Undistributed profits at the beginning of the year		**22,082,769**	19,587,757
Add: net profit attributable to shareholders and other equity holders of the Parent Company for the current year		**1,542,226**	3,380,436
Less: effect of issue of perpetual bonds by the Company		**(200,400)**	(77,841)
Less: appropriation to surplus reserve		**(299,758)**	(1,050)
Less: ordinary share dividends payable	*(1)*	**(1,641,980)**	(806,533)
Undistributed profits at the end of the year		**21,482,857**	22,082,769

(1) Dividends of ordinary shares declared during the year

Unit: RMB thousand

	2019	2018
Dividends proposed but not declared at the end of the year	**–**	–
Total proposed dividends in the year	**1,641,980**	806,533

In accordance with the approval at the shareholders' general meeting held on 3 June 2019, the Company paid a cash dividend in the amount of RMB0.55 per share (2018: RMB0.27 per share) to the ordinary shareholders on 28 June 2019, amounting to RMB1,641,980,000 (2018: RMB806,533,000).

7. REVENUE AND COST OF SALES

Unit: RMB thousand

	2019	2018
Revenue from principal operations	**83,883,719**	91,482,249
Revenue from other operations	**1,931,622**	2,015,373
Total	**85,815,341**	93,497,622
Cost of sales from principal operations	**72,325,517**	78,710,264
Cost of sales from other operations	**1,030,088**	876,144
Total	**73,355,605**	79,586,408

8. ASSET IMPAIRMENT LOSSES

Unit: RMB thousand

	2019	2018
Loss from impairment of construction in progress	**1,496,182**	991,878
Loss from diminution in value of inventories and loss from impairment of contract performance cost	**17,494**	981,380
Loss from impairment of goodwill	**44,735**	210,657
Loss from impairment of fixed assets	**3,534,155**	199,186
Loss from impairment of intangible assets	**–**	38,640
Loss from impairment of long-term equity investments	**149,163**	2,608
Loss from bad debts of advances	**(17,609)**	1,275
Total	**5,224,120**	2,425,624

9. GAIN ON DISPOSAL OF ASSETS

Unit: RMB thousand

	2019	2018	Amount included in extraordinary gains or losses for the year of 2019
Gain on disposal of fixed assets	**73,473**	114,381	73,473
Loss on disposal of fixed assets	**(18,759)**	(11,313)	(18,759)
Gain on disposal of intangible assets	**8,928,037**	5,138,843	7,643
Loss on disposal of intangible assets	**(174)**	–	(174)
Total	**8,982,577**	5,241,911	62,183

(i) On 29 September 2019, Southern CIMC, a wholly-owned subsidiary of the Group, has enter into the Land Preparation Agreement (《土地整備協議書》) with Shenzhen Municipal Planning and Qianhai Authority on the preparation issues of the three land parcels owned by the Group in Qianhai, according to which the Qianhai Authority recovered the three land parcels and provided Southern CIMC a compensation of RMB12,890,778,000, of which RMB12,679,015,000 was in the form of land replacement, and the remaining value of RMB211,763,000 would negotiated separately. As of 31 December 2019, the Qianhai Authority has signed a land transfer agreement with Qianhai CIMC Cloud, Qianhai Jingji, Qianhai Yingji, Qianhai Chuangji, Qianhai Shengji and Qianhai Shiji, all being wholly-owned subsidiaries of the Company. The aforesaid overall Qianhai land preparation involved a total disposal gain of RMB12,761,554,000, of which, in 2018, the disposal gain from advance land exchange of RMB3,841,160,000 were recognized, and the remaining disposal gains of RMB8,920,394,000 were recognized in 2019.

10. INCOME TAX EXPENSES

Unit: RMB thousand

	2019	2018
Current income tax calculated based on tax law and related regulations	**1,130,607**	1,648,740
Deferred income tax	**1,973,154**	966,363
Total	**3,103,761**	2,615,103

The income tax based on the applicable tax rate is adjusted to income tax expense based on the total profit of the consolidated income statement

Unit: RMB thousand

	2019	2018
Total profit	**5,613,874**	6,683,558
Income tax calculated at applicable tax rates	**2,989,099**	2,011,351
Effect of tax incentive	**(174,425)**	(107,526)
Expenses not deductible for tax purposes	**180,333**	168,497
Income not subject to tax	**(51,742)**	(216,090)
Deductible losses of utilisation of previously unrecognised deferred tax assets	**(299,205)**	(107,395)
Deductible losses for which no deferred tax assets were recognised	**327,134**	768,224
Deductible temporary differences for which no deferred tax assets were recognised	**75,520**	93,846
Deductible temporary differences of utilisation of previously unrecognised deferred tax	**(9,312)**	(35,456)
Effect of tax rate change on deferred tax	**16,585**	23,499
Tax refund for income tax annual filing	**49,774**	16,153
Income tax expense	**3,103,761**	2,615,103

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

	2019	2018
The Company	**25%**	25%
Subsidiaries registered in China	**15-25%**	15-25%
Subsidiaries registered in Hong Kong	**16.5-25%**	16.5-25%
Subsidiaries registered in the British Virgin Islands	**–**	–
Subsidiary registered in US	**21%**	15-25%
Subsidiary registered in Germany	**15.83-36.13%**	15.83-31.6%
Subsidiary registered in UK	**19%**	19%
Subsidiary registered in Australia	**30%**	30%
Subsidiary registered in the Netherlands	**25%**	25%
Subsidiary registered in Belgium	**29.58%**	34%
Subsidiary registered in Denmark	**22%**	22%
Subsidiary registered in Poland	**19%**	19%
Subsidiary registered in Thailand	**20%**	20%
Subsidiary registered in Singapore	**17%**	17%
Subsidiary registered in Sweden	**21.4%**	22%
Subsidiary registered in the Cayman Islands	**–**	–
Subsidiary registered in Malaysia	**24%**	24%
Subsidiary registered in Luxembourg	**24.94%**	27.08%

11. EARNINGS PER SHARE

(1) Basic earnings per share

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

	2019	2018
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company (RMB'000)	**1,542,226**	3,380,436
Effect of issue of perpetual bonds by the Company (RMB'000)	**(200,400)**	(77,841)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) (RMB'000)	**1,341,826**	3,302,595
Weighted average number of ordinary shares outstanding ('000)	**3,582,446**	3,581,606
Basic earnings per share (RMB per share)	**0.37**	0.92
Including: going concern basic earnings per share (RMB per share)	**0.37**	0.92

(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 (diluted) of ordinary shares outstanding of the Company:

	2019	2018
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company (RMB'000)	**1,542,226**	3,380,436
Effect of issue of perpetual bonds by the Company (RMB'000)	**(200,400)**	(77,841)
Effect of issue of convertible bonds by subsidiaries of the Group (RMB'000)	**(3,120)**	(1,141)
Effect of the share option program of the subsidiaries of the Group (RMB'000)	**(6,855)**	(5,484)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted) (RMB'000)	**1,331,851**	3,295,970
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000) (adjusted)	**3,587,438**	3,587,566
Diluted earnings per share (RMB per share)	**0.37**	0.92

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

	2019	2018
Weighted average number of ordinary shares outstanding ('000)	**3,582,446**	3,581,606
Effect of share options of the Company ('000)	**4,992**	5,959
Weighted average number of ordinary shares outstanding (diluted) ('000)	**3,587,438**	3,587,566

The Board of the Company was authorised to grant 60,000,000 share options (accounting for 1.67% of the 3,584,504,382 shares of the weighted average number of ordinary shares outstanding of the Company during the year) to the senior management and other staff.

12. 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 represent segment revenue (including external operating income and intersegment operating income), net of segment expenses, depreciation and amortisation and impairment losses for assets attributable to individual segment and 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 2019 is as follows:

Unit: RMB thousand

Item	Containers manufacturing 2019	Road transportation vehicles 2019	Energy, chemical and liquid food equipment 2019	Offshore engineering 2019	Airport facilities, fire safety and automated logistics equipment 2019	Heavy trucks 2019	Logistics services 2019	Industrial city development 2019	Finance and asset management 2019	Other segments 2019	Elimination between segments 2019	Total 2019
External revenue	19,716,666	23,215,109	14,885,699	3,840,742	5,959,423	2,427,352	9,109,855	1,432,577	1,798,493	3,429,425	–	85,815,341
Inter-segment revenue	446,116	120,269	189,417	675,833	2,749	121,201	47,433	3,419	414,506	871,856	(2,892,799)	-
Cost of sales from principal operations	18,279,881	19,949,555	12,208,640	4,378,869	4,496,951	2,271,573	8,315,364	639,065	1,719,096	3,720,048	(3,653,525)	72,325,517
Investment (loss)/income in associates and joint ventures	(985)	(3,522)	(1,103)	(332)	937	26,213	16,677	158,001	5,852	(166,919)	–	34,819
Assets impairment losses	(1,609)	22,812	(18,201)	21,915	5,424	20,447	26,267	–	5,030,298	116,767	–	5,224,120
Depreciation and amortization expenses	480,365	376,831	280,997	556,359	191,098	148,432	166,887	51,746	625,625	31,276	(131,327)	2,778,289
Interest income	324,156	111,411	14,438	728,825	4,689	34,661	13,336	110,797	292,666	2,635,777	(3,780,542)	490,214
Interest expenses	232,468	139,246	52,529	1,435,865	75,711	111,873	35,846	662,907	457,707	2,559,146	(4,128,551)	1,634,747
Total profit/(losses)	82,733	1,537,969	1,001,195	(1,251,351)	302,137	(247,573)	167,715	1,048,967	(4,954,482)	8,065,768	(139,204)	5,613,874
Income tax expenses	(54,358)	234,790	183,116	33,741	49,061	(27,700)	57,264	242,640	163,859	2,273,951	(52,603)	3,103,761
Net profit/(losses)	137,091	1,303,179	818,079	(1,285,092)	253,076	(219,873)	110,451	806,327	(5,118,341)	5,791,817	(86,601)	2,510,113
Total assets	18,627,725	18,458,864	16,213,870	37,240,984	9,060,017	4,356,856	5,266,855	28,293,788	49,458,824	58,148,561	(73,018,823)	172,107,521
Total liabilities	10,869,010	8,240,243	8,786,315	40,964,430	6,108,527	4,033,179	3,346,657	19,710,093	47,849,323	49,700,717	(82,538,951)	117,069,543
Other material non-cash items:	-	-	-	-	-	-	-	-	-	-	-	-
– Other non-cash expenses/(income) other than depreciation and amortisation	(98,841)	(45,395)	35,862	98,314	45,374	204,217	60,318	(40,932)	5,217,947	393,621	6,534	5,877,019
– Long-term equity investments of associates and joint ventures	136,760	101,256	22,685	7,668	23,444	270,279	543,341	3,581,058	382,140	294,943	–	5,363,574
– Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	1,064,093	1,349,792	1,051,777	5,086,225	1,141,941	227,223	369,149	1,184,352	13,495,499	350,757	(16,217,827)	9,102,981

Segment information as at and for the year ended 31 December 2018 is as follows:

Unit: RMB thousand

Item	Containers manufacturing 2018	Road transportation vehicles 2018	Energy, chemical and liquid food equipment 2018	Offshore engineering 2018	Airport facilities, fire safety and automated logistics equipment 2018	Heavy trucks 2018	Logistics services 2018	Industrial city development 2018	Finance and asset management 2018	Other segments 2018	Elimination between segments 2018	Total 2018
External revenue	31,164,394	24,142,946	14,065,905	1,631,760	4,670,212	2,351,978	8,585,513	2,888,302	2,085,170	1,911,442	–	93,497,622
Inter–segment revenue	371,827	256,772	96,895	801,838	935	135,688	42,749	4,903	7,214	2,320,047	(4,038,868)	–
Cost of sales from principal operations	28,134,193	20,868,516	11,316,428	2,547,251	3,699,530	2,304,291	7,882,680	1,519,215	1,232,258	3,909,622	(4,703,720)	78,710,264
Investment (loss)/income in associates and joint ventures	(145)	2,295	(94)	—	1,621	29,529	31,670	93,696	579	7,264	–	166,415
Assets impairment losses	35,387	84,173	77,996	2,160,506	780	40,866	1,204	–	18,438	6,274	–	2,425,624
Depreciation and amortisation expenses	401,307	288,829	379,134	414,830	92,651	142,334	131,786	13,216	261,057	131,390	–	2,256,534
Interest income	279,540	86,084	27,969	529,116	8,350	28,206	8,957	227,915	318,631	2,140,214	(3,064,690)	590,292
Interest expenses	193,558	163,714	77,406	994,383	40,235	100,882	18,315	265,254	154,340	1,911,624	(1,991,651)	1,928,060
Total profit/(losses)	2,535,395	1,614,642	1,045,942	(3,382,469)	225,599	(133,981)	242,236	790,082	626,769	3,641,124	(521,781)	6,683,558
Income tax expenses	644,744	341,538	254,212	66,766	32,855	(14,421)	84,453	226,176	69,449	929,580	(20,249)	2,615,103
Net profit/(losses)	1,890,651	1,273,104	791,730	(3,449,235)	192,744	(119,560)	157,783	563,906	557,320	2,711,544	(501,532)	4,068,455
Total assets	22,809,798	16,107,264	16,392,546	32,367,211	6,331,148	4,092,417	4,672,804	20,529,296	45,672,865	56,870,263	(66,961,649)	158,883,963
Total liabilities	12,529,958	8,132,501	10,777,089	34,797,274	3,961,303	3,508,437	2,640,715	13,974,787	36,710,325	50,242,861	(70,794,275)	106,480,975
Other material non–cash items:												
– Other non–cash expenses/(income) other than depreciation and amortisation	(133,186)	(11,527)	42,020	2,294,341	10,113	78,745	829	(14,311)	159,134	(112,431)	341,073	2,654,800
– Long–term equity investments of associates and joint ventures	96,771	89,493	1,661	32,951	21,729	246,765	525,182	1,782,570	380,129	392,649	–	3,569,900
– Amount of additions to non–current assets other than long–term equity investment, financial assets and deferred tax assets	955,605	983,524	513,520	447,276	371,941	53,237	291,664	139,021	4,220,840	133,456	(3,182,818)	4,927,266

13. CONTINGENCIES

(1) Guarantees provided for external parties

CIMC Raffles, a subsidiary of the Group, provided the guarantee for the vessel leasing of its clients. As at 31 December 2019, the amount guaranteed by Raffles was approximately RMB118,750,000 (31 December 2018: RMB163,146,000).

CIMC Vehicles, a subsidiary of the Group, carried out vehicle buyer credit business and signed loan guarantee contracts with Huishang Bank, Zhongyuan Bank, China Guangfa Bank and Industrial Bank, providing credit guarantee to the relevant banks financing of the distributors and customers of the Group and its holding subsidiaries arising from purchase of vehicle products. As at 31 December 2019, the aggregate amount of credit facilities in respect of which the Group and its holding subsidiaries provided guarantees to the distributors and customers was RMB1,161,439,000 (31 December 2018: RMB863,736,000).

The Group's subsidiaries, Shenyang CIMC Industrial Park Investment and Development Co., Ltd. and Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., cooperated with China Construction Bank and Shaanxi Xianyang Qindu Rural Commercial Bank, respectively, in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantee to the loans that the customers of the two companies obtained from the relevant banks. As of 31 December 2019, the customer financing loans provided by the Shenyang CIMC Industrial Park Investment and Development Co., Ltd. and Shaanxi CIMC Vehicles Industrial Park Investment Development Co., Ltd., was approximately RMB18,953,000 (31 December 2018: RMB18,176,000).

The Group's subsidiary, CIMC Chancheng and its subsidiaries, provided guarantees to purchasers of commodity homes by the way of secured loans with external banks. The amount of guarantees provided by the Group was RMB1,738,861,000 as at 31 December 2019 (31 December 2018: RMB1,073,457,000).

C&C Trucks and its subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2019, the aggregate amount of credit facilities in respect of which C&C Trucks and its subsidiaries provided guarantees to the distributors and customers was RMB869,185,000 (31 December 2018: RMB572,427,000).

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

The Group does not recognize bills payable or letter 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 2019, the Group had no bills issued but not accounted for, and had outstanding letters of credit issued of RMB187,630,000 (31 December 2018: RMB423,994,000).

As at 31 December 2019, the Company had outstanding balance of guarantees issued for the subsidiaries of the Group of RMB496,345,000, USD295,773,000 (equivalent to RMB2,063,372,000) and EUR75,669,000 (equivalent to RMB591,395,000) respectively, totaling RMB3,151,113,000 (31 December 2018: RMB1,485,296,000).

As at 31 December 2019, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB1,340,667,000, of which the balance of the performance guarantee was RMB740,402,000, the balance of advance payment guarantees was RMB556,558,000, the balance of the quality guarantee was RMB9,528,000, the balance of customs guarantees was RMB6,000,000 (31 December 2018: RMB641,386,000).

(3) Significant pending litigations

CIMC Enric Investment Holdings (Shenzhen) Ltd., an indirect wholly-owned subsidiary of Enric, the subsidiary of the Group, received certain litigation papers including notification calling for responses to the action and summons served by the Jiangsu Province High People's Court in December 2018, where SOEG PTE LTD claims that Enric Shenzhen should pay (among others) the remaining balance of the equity transfer of RMB153,456,000 for acquisition of Sinopacific from SOEG in 2015. Enric Shenzhen has made application for disputing the courts' jurisdiction and time for first instance has not determined. Considering the current progress of the litigation and opinions of the independent legal advisor, the Board of the Company is of the view that there is no need to make provision for this litigation of the Group as at 31 December 2019.

14. COMMITMENTS

Capital commitments

Unit: RMB thousand

	2019	2018
Fixed assets purchase contracts entered into but not performed or performed partially	**74,281**	179,560
External investment contracts entered into but not performed or performed partially	**–**	1,761,507
Vessels manufactured for sales or lease	**265,320**	69,516
Total	**340,141**	2,010,583

15. NET CURRENT ASSETS

Unit: RMB thousand

	The Group	
	31 December 2019	31 December 2018
Current assets	**90,023,127**	81,902,959
Less: current liabilities	**70,551,310**	73,137,289
Net current assets	**19,471,817**	8,765,670

	The Company	
	31 December 2019	31 December 2018
Current assets	**27,206,930**	26,990,064
Less: current liabilities	**8,384,943**	19,027,541
Net current assets	**18,821,987**	7,962,523

16. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB thousand

	The Group	
	31 December 2019	31 December 2018
Total assets	**172,107,521**	158,883,963
Less: current liabilities	**70,551,310**	73,137,289
Total assets less current liabilities	**101,556,211**	85,746,674

	The Company	
	31 December 2019	31 December 2018
Total assets	**41,222,239**	39,506,154
Less: current liabilities	**8,384,943**	19,027,541
Total assets less current liabilities	**32,837,296**	20,478,613

17. EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution after the balance sheet date

(1) Dividend for ordinary shares proposed after the balance sheet date

On 26 March 2020, the board of directors of the Company proposed to distribute a dividend of RMB0.12 per share in cash to all shareholders without bonus shares and no shares will be converted from capital reserves into share capital. The amount of shares calculated as at 31 December 2019 was RMB430,141,000 (2018: RMB0.55 per share, a total of RMB1,641,980,000, additional two new shares will be issued for every 10 shares being held by way of conversion of capital surplus). This proposal is yet to be approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognised as liabilities at the balance sheet date.

2. The total future operating lease receipts after the balance sheet date

The undiscounted amounts of total future lease receipts receivable by the Group, as a lessor, after the balance sheet date are as follows:

	31 December 2019
Within 1 year	**1,365,894**
1 to 2 years	**935,034**
2 to 3 years	**775,155**
3 to 4 years	**40,755**
4 to 5 years	**40,755**
Over 5 years	**25,119**
	3,182,712

3. Impact of COVID-19

Since the outbreak of COVID-19 in January 2020, the Company and its subordinates and subsidiaries have fully implemented the government's deployment of prevention and control measures. While doing a good job in COVID-19 prevention and control, we actively respond to the possible impact brought by COVID-19 on production and operations. Most of the Company's subordinates and subsidiaries are in non-serious epidemic areas. As of the date of this report, except for the subsidiaries located in severe epidemic areas, the Company's subordinates and subsidiaries have resumed production orderly.

As the COVID-19 will have a significant impact on the overall domestic and international economic operation, the operations of different segments of the Company are expected to be affected to different extent: the overall business chain of the logistics industry has been seriously affected by the epidemic, which may have a significant impact on the logistics segment of the Company; the remaining segments are expected to be affected to a certain degree, and the subsequent degree of impact will depend on the actual prevention and control of the epidemic at home and abroad, the duration and the recovery of the global upstream and downstream industry chain.

The Group will continue to pay close attention to the tendency of COVID-19, and evaluate and actively respond to its possible impact on the financial position and operating results of the Group.

9 PURCHASE, 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 purchase or redeem any of the securities of the Company during the twelve months ended 31 December 2019.

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 fulfil corporate responsibility as a listed company as well as maximise long-term shareholders value.

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for deviation of the code provisions A.1.1. 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. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present." During the Reporting Period, the Company held 20 Board meetings, of which 2 meetings were held on-site. The executive directors of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group's major business or management affairs from time to time. Accordingly, certain relevant decisions were made by all directors by way of written resolutions. The directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in future.

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. HE Jiale (chairman), Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel. The Audit Committee of the Company has reviewed and affirmed the annual results of the Group for the year 2019.

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

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. WANG Hong (chairman), Mr. LIU Chong (vice-chairman), Mr. HU Xianfu and Mr. MING Dong as non-executive directors; Mr. MAI Boliang as an executive director; and Mr. HE Jiale, Mr. PAN Zhengqi and Ms. LUI FUNG Mei Yee, Mabel as independent non-executive directors.