CHINA INTERNATIONAL MARINE CONTAIN

中國國際海運集裝箱（集團）股

1.5 Mr. WANG Hong, Chairman of the Board, Mr. MAI Boliang, CEO and President of the

Currently, the Group is ranked No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers; the Group is one of China's largest manufacturers of road transportation vehicles, and it is ranked No. 1 in the world in terms of its market share in the semi-trailer industry; the Group's comprehensive competitiveness in boarding bridge business ranks among the world's leaders, as one of the world's three largest passenger boarding bridge manufacturers, and its market share in China has reached more than 95% for three consecutive years; and the Group is also one of the leading high-end offshore engineering equipment enterprises in China.

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
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Contact Address in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS PREPACCR DNCE

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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	**2018**	2017	Changes from the previous year to this year	2016	2015 (Restated)	2014
Revenue	**93,497,622**	76,299,930	22.54%	51,111,652	58,685,804	70,070,855
Operating profit	**6,477,005**	4,171,685	55.26%	1,202,884	3,039,854	3,297,874
Profit before income tax expense	**6,683,558**	4,409,241	51.58%	1,702,051	3,302,470	3,570,416
Income tax expense	**2,615,103**	1,250,826	109.07%	967,068	951,825	536,488
Net profit	**4,068,455**	3,158,415	28.81%	734,983	2,350,645	3,033,928
Including:						
Net profit attributable to shareholders and other equity holders of the Company	**3,380,436**	2,509,242	34.72%	539,660	2,026,613	2,477,802
Profit or loss attributable to minority shareholders	**688,019**	649,173	5.98%	195,323	324,032	556,126
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	**2,258,609**	1,367,068	65.22%	511,420	1,751,645	2,142,682

Unit: RMB thousand

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

Unit: RMB thousand

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

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

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

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

Unit: RMB thousand

Items	2018	2017	2016 (restated)
Gains on disposal of non-current assets	**1,347,841**	15,635	264,552
Government grants recognised in profit or loss for the current period	**386,822**	472,626	497,336
Gains or losses from changes in fair value arising from holding financial assets held for trading, and investment gains arising from disposal of available-for sale financial assets, other debt investments, and other non-current financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	**(442,899)**	125,295	399,704

4 SHAREHOLDINGS AND SHAREHOLDING STRUCTURE CHART

4.1 Number of Shareholders and Shareholdings

Name of shareholders	Nature of shareholders	Shareholdings of the shareholders who hold above 5% or the top ten 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%	9,094,100	(472,500)	0	9,094,100
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	9,035,599	(468,700)	0	9,035,599
Explanation on the relationship or concerted action of the above shareholders		Unknown				

Note 1: *As at 31 December 2018, HKSCC Nominees Limited held 1,731,261,346 shares of the Company, including 14,854,837 A shares and 1,716,406,509 H shares. The H shares registered under HKSCC Nominees Limited include (but not limited to) 733,691,017 H shares held by China Merchants Group Limited ("**China Merchants Group**") through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), and the 245,842,181 H shares held by China COSCO Shipping Corporation Limited ("**China COSCO Shipping**") through its certain subsidiaries (including 25,322,106 H shares directly held by Long Honour Investments Limited and 220,520,075 H shares directly held by COSCO Container Industries Limited).*

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

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 2018, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class	Percentage of such shares in the total share capital
China Merchants Group *(Note 1)*	H shares	733,691,017 (L)	Interest of corporation controlled by the substantial shareholder	42.74%	24.58%
China COSCO Shipping *(Note 2)*	A shares	432,171,843 (L)	Interest of corporation controlled by the substantial shareholder	34.07%	14.48%
	H shares	245,842,181 (L)	Interest of corporation controlled by the substantial shareholder	14.32%	8.24%
Hony Group Management Limited *(Note 3)*	H shares	358,251,896 (L)	Interest of corporation controlled by the substantial shareholder	20.87%	12.00%
Broad Ride Limited *(Note 3)*	H shares	215,203,846 (L)	Beneficial holder	12.54%	7.21%
	H shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.79%
Promotor Holdings Limited	H shares	143,048,050 (L)	Beneficial holder	8.33%	4.79%

(L) Long position

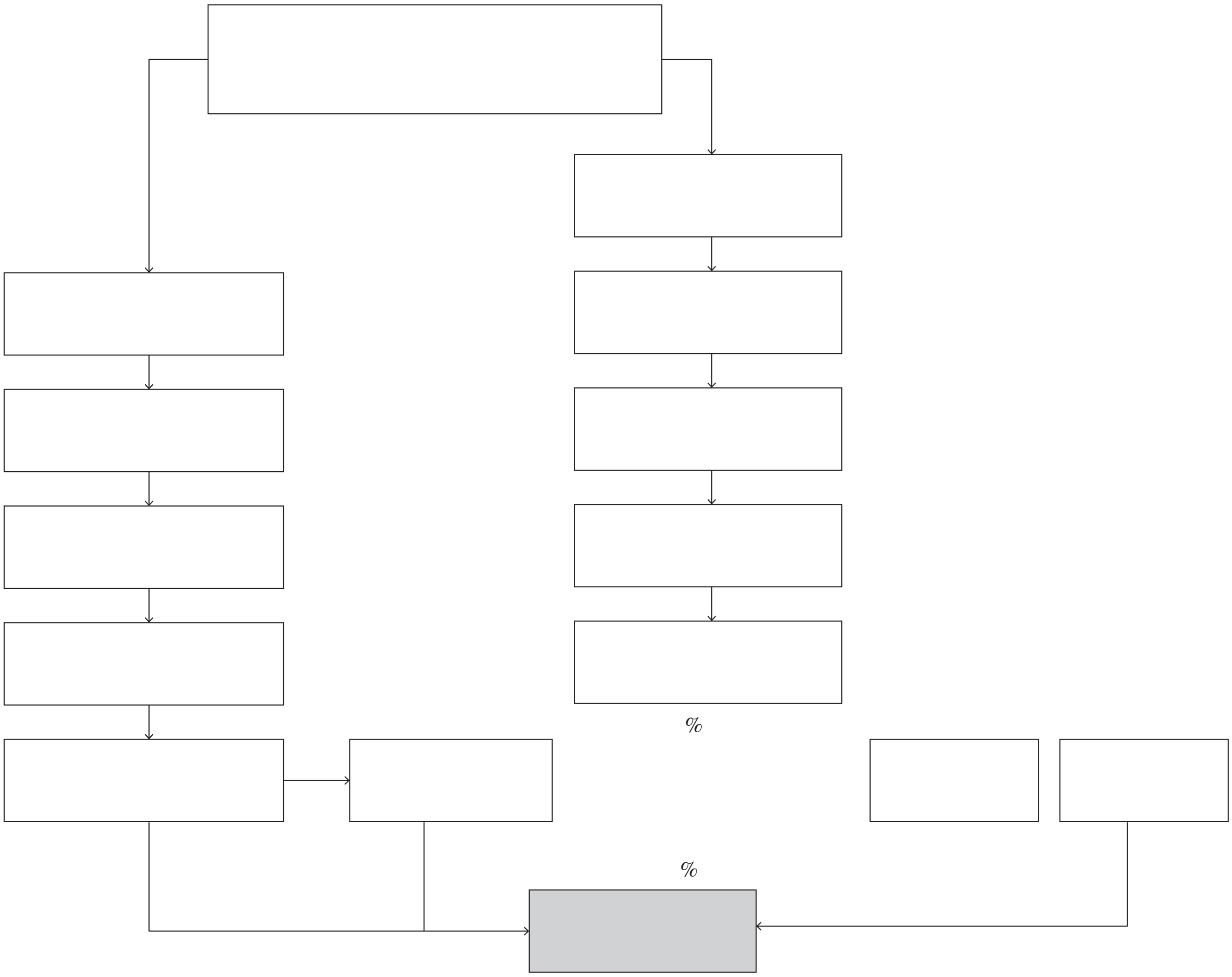
Note 1: China Merchants Group, through its subsidiaries (including China Merchants (CIMC) Investment Limited etc.), holds an interest in the H shares of the Company, and all the 733,691,017 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: China COSCO Shipping, through its subsidiaries (including Long Honour Investments Limited and COSCO Container Industries Limited etc.), holds an interest in the A shares and H shares of the Company, namely that 432,171,843 A shares (L) and 245,842,181 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 3: Hony Group Management Limited, through its subsidiaries (including Broad Ride Limited) holds an interest in the H shares of the Company, namely that 215,203,846 H shares (L) are held in the capacity as interest of corporation controlled by the substantial shareholder and 143,048,050 H shares are held in the capacity as person having security interest in shares.

Save as disclosed above and so far as the directors are aware, as at 31 December 2018, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept

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



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

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

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

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

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

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

Road Transportation Vehicle Business

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

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

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

In 2018, CIMC Vehicles further promoted the digitization of its production processes and continued to develop new products and improve product characteristics by strengthening global operations; established agile organizations for digital manufacturing and operations and continued to capture new business opportunities with growth potential; and introduced product life-cycle management systems (PLM) and manufacturing execution systems (MES), in order to implement intelligent manufacturing, planning and management and to consolidate its leading position in the global semi-trailer market.

In terms of the domestic market: in 2018, CIMC Vehicles seized the development opportunities brought by new regulatory policies (“Limits of Dimensions, Axle Load and Mass of Automotives, Trailers and Auto Trains” (GB1589-2016), “Administrative Provisions on Highway Driving of Over-Limit Transport Vehicles” and “Program for Governance over Cars and Transport Vehicles”) and changing customer needs, and achieved an increase in sales volume of dump beds and mixes on the basis of the increased demand for specialty vehicles for construction resulted from the continuous growth of domestic vehicle sales and the positive development of infrastructure construction in China. In terms of the overseas markets: vehicle sales in North American market continued to grow, mainly due to the increase in demand for chassis trailers in the US market and the depreciation of the RMB to the US dollar; as for the European market, we have developed swap body products to cater the development of European e-commerce logistics, and have strived to effectively penetrate the local market and to seize sales opportunities; as for emerging markets, we have established overseas subsidiaries in Thailand, Australia, Malaysia, South Africa, etc., and have adhered to the strategy of deepening the mainstream markets in the fragmented global market.

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

Energy, Chemical and Liquid Food Equipment Business

The Group's energy, chemical and liquid food equipment business segment is principally engaged in the design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food equipment, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeas(pa[(ordinary shares).)2(Asia, Euf aeed toNa[(hed tory

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

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

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

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

Offshore Engineering Business

Established under CIMC Raffles Offshore (Singapore) Limited ("**CIMC Raffles**"), a subsidiary of the Group, are 4 research and development and design companies, 3

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

In respect of the construction and delivery of platforms: Petrobras' FPSO (Floating

Airport Facilities Equipment Business

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

The Group's airport facilities equipment business principally includes airport facilities equipment business (including GSE (Ground Support Equipment) business), fire and rescue vehicle business, automated logistics systems business and smart parking business.

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

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

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

- The airport facilities equipment business: our international market share continued to increase, and our domestic market position has been solidified and deepened. Meanwhile, we expedited our expansion in the US market and the layout plan of our global service network. Research and development work of intelligent boarding bridges has been steadily carried out. Business in respect of boarding bridge ancillary products including on-bridge air-conditioner, rose steadily in 2018 in terms of sales revenue and market share with the help of airport related business. As to GSE business, the two-way shuttle ferries and electric-powered products of Xinfa Airport Equipment Ltd., a subsidiary of the Company, gained further customer recognition and a higher profit was recorded. The Group advanced optimisation and integration of AeroMobiles Pte. Ltd in an orderly manner. CIMC Air Marrel SAS has developed steadily. The manufacturing of food vehicles and lifting platform vehicles has been shifted to China gradually, thereby further improving product quality and securing on-time delivery.

- The fire and rescue vehicle business: Albert Ziegler GmbH ("**Ziegler**") was committed to improving profitability and high-quality growth of sales, as well as maintaining the leading position in technology and increasing brand influence in the industry. Through merger and acquisition, increasing shareholdings, business cooperation and other initiatives, Ziegler managed to turn around its weakness in special chassis for airport fire trucks, aerial lift truck, ladder truck and other product lines and enhance the competitiveness of products in all aspects. For the domestic market, while the fire and rescue vehicle business was growing steadily, focus was put on the development of the aerial lift truck market and the active deployment of two pronged strategy for the development of both product lines and geographical coverage. In 2018, Allied Best (China) Fire Safety Appliances Manufacturing Co., Ltd, an indirect wholly-owned subsidiary of CIMC-TianDa, acquired 60% equity interests in Shenyang Jietong Fire Truck Co., Ltd. (瀋陽捷通消防車有限公司) and 100% equity interests in Shanghai Jindun Special Vehicle Equipment Co., Ltd. (上海金盾特種車輛裝備有限公司). This enabled the Group to strengthen its portfolio of fire and rescue vehicle and enlarge its geographical market coverage and production capacity, and thus further accelerate

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

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

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

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

Logistics Service Business

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

In 2018, economic and trade frictions between China and the United States brought uncertainty to global trade recovery featuring a slowdown in global commodities circulation

Industrial City Development Business

The Group's industrial city development business is operated mainly through its controlled technical service capability, management service capability, marketing capability, government relation service capability and human resource capability). The company also established Shenzhen Tianji Industrial City Investment Development Co., Ltd., a joint venture platform for industrial parks, and introduced strategic partners engaged in urban renewal in order to strengthen its resources and capabilities regarding industrial park operation services and urban renewal.

Financial Business

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

In 2018, as China continued to maintain a prudent and neutral monetary policy and continuously strengthened financial regulatory policies, combined with the lasting effect of financial de-leveraging, the growth rate of tsuppusl(continuer tdeclmbiks, antotrialoanci)-g an innovative way. Throughout the year, the new business volume has remained stable, the business portfolio continued to be optimized, and the overall risk management capability has been significantly improved.

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

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.

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

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

Multimodal Transport Business

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

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

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

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

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

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

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

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

5.3.3 Overall Operation Targets and Initiatives for Main Business Segments

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

In respect of the road transportation vehicle business: in 2019, CIMC Vehicles will continue to develop new products and improve product features by strengthening global operations and digitizing production processes. It will consolidate its leading position in the global semi-trailer market through the establishment of an agile organization for digital manufacturing and operations and continuously capturing new business opportunities with growth potential. In China, the Group will continue to construct the new production plant of the demonstrative Yangzhou Plant, expand the existing production lines of chassis trailers, curtain-side trailers and fence trailers in the demonstrative Zhumadian Plant, and upgrade the chassis flatbed trailers of the Liangshan Plant and the tank trailers of the Wuhu Plant, thus

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

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

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

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

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

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

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. 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, environmental policies and land policies, etc. that have a huge impact on business operations are being constantly launched. 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 foreign exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. During the process of promoting RMB internationalisation, and under the backdrop of constant volatility in the global financial market, the exchange rate of the RMB against the USD will fluctuate with increased frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

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

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

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

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

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 receivers)	**2018** Revenue	**2018** Percentage in total revenue	2017 Revenue	2017 Percentage in total revenue	Year-on-year change
China	**44,558,488**	**47.66%**	32,769,171	42.95%	35.98%
America	**23,406,096**	**25.03%**	18,482,055	24.22%	26.64%
Europe	**17,439,309**	**18.65%**	18,029,736	23.63%	(3.27%)
Asia (excluding China)	**6,533,782**	**6.99%**	5,412,665	7.09%	20.71%
Others	**1,559,947**	**1.67%**	1,606,303	2.11%	(2.89%)
Total	**93,497,622**	**100.00%**	76,299,930	100.00%	22.54%

In 2018, by region, the revenue from China, Asia (excluding China) and America has recorded an increase, while the revenue from Europe and other regions 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:

In 2018, the Group's cost of sales amounted to RMB79,586 million (2017: RMB62,293 million), representing a year-on-year increase of approximately 27.76%; the overall gross profit margin amounted to 14.88% (2017: 18.36%), decreased comparing with the same period of the previous year. Out of all segments, the energy, chemical and liquid food equipment, industrial city development and heavy trucks segments saw an increase in their gross profit margins, the gross profit margin of the airport facilities equipment, logistics services, containers, road transportation vehicles, offshore engineering and financial business 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 2018, the Group's non-operating income amounted to RMB374.891 million (2017: RMB622.421 million), representing a year-on-year decrease of 39.77%, mainly due to the relocation compensation payment for the Prince Bay project included in the data for the same period last year.

Research and Development Expenses

In 2018, the Group's research and development expenses amounted to RMB993.416 million (2017: RMB651.729 million), representing a year-on-year increase of 52.43%, mainly due to the increased investment in technology research and development by the Group during the Reporting Period.

Sales Expenses

In 2018, the Group's sales expenses amounted to RMB1,744.260 million (2017: RMB2,926.718 million), representing a year-on-year decrease of 40.40%, mainly due to the reclassification of the freight charges in cost of sales to operating costs according to the new revenue standard during the Reporting Period.

General and Administrative Expenses

In 2018, the Group's general and administrative expenses amounted to RMB5,158.990 million (2017: RMB4,830.325 million), representing a year-on-year increase of 6.80%.

Financial Expenses-net

In 2018, the Group's financial expenses amounted to RMB1,158.896 million (2017: RMB1,446.321 million), representing a year-on-year decrease of 19.87%, mainly due to the increase in net exchange gains.

Provisions for Asset Impairment and Losses

In 2018, the Group made provisions for asset impairment and losses totalling RMB2,819.708 million (2017: RMB880.764 million), representing a year-on-year increase of 220.14%, mainly due to the provision for impairment of offshore engineering assets made by the Group is larger than the actual impairment during the Reporting Period.

Income Tax Expenses

In 2018, the income tax expenses paid by the Group amounted to RMB2,615.103 million (2017: RMB1,250.826 million), representing a year-on-year increase of 109.07%, mainly due to the corresponding income tax provision made for the Qianhai project and the reservation and acquisition and relocation compensation payment for the Qingdao land during the Reporting Period. Please refer to note 10 to "8 Financial Report" in the Announcement for details.

Profits Attributable to Minority Shareholders

In 2018, the Group's profits attributable to minority shareholders amounted to RMB688.019 million (2017: RMB649.173 million), representing a year-on-year increase of 5.98%, mainly due to changes in the profitability of subsidiaries with minority shareholders.

Cash Flows

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

Unit: RMB thousand

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

During the Reporting Period, the Group's net cash flows from operating activities decreased by 96.85% as compared with the same period of last year, which was mainly due to the land premium of the Shanghai Baoshan project of the Group recorded in the cash paid for goods and services. Net cash flows from investing activities decreased 148.76% as compared with the same period of last year, which was mainly due to the increase of cash paid by the Group for purchasing long-term assets (including fixed assets, engineering under construction and etc.); Net cash flows from financing activities increased 362.80% as compared with the same period of last year, which was mainly due to the increase of cash flows from financing activities (including acquisition of borrowings, issuance of bonds and etc.) during the Reporting Period as compared with the same period of last year.

Liquidity and Financial Resources

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2018, the Group's cash at bank and on hand amounted to RMB9,729,152 million (31 December 2017: RMB5,596.314 million), representing a year-on-year increase of 73.85%, mainly due to the newly consolidated Prince Bay project companies at the end of 2018. The Group's cash at bank and on hand primarily consist of cash and bank deposits which are mainly denominated in RMB and US dollars.

The Group's development funds primarily consist of cash derived from operation, 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 2018, the Group's short-term borrowings, non-current borrowings due within one year, debentures payable due within one year, long-term borrowings, debentures payable and other current liabilities (issuance of super & short-term commercial papers/ commercial notes) amounted to a total of RMB62,267.518 million (31 December 2017: RMB52,014.876 million).

Unit: RMB thousand

	31 December 2018	31 December 2017
Short-term borrowings	**19,898,221**	15,317,347
Non-current borrowings due within one year	**5,593,749**	3,982,626
Debentures payable due within one year	**7,986,500**	–

The Group's issued debentures are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2018, the remaining fixed-rate debentures issued by the Group amounted to RMB10,005.775 million (31 December 2017: RMB7,986.500 million). The maturity date of debentures is mainly distributed within one to three years.

Other Equity Instruments

Unit: RMB thousand

	31 December 2017	Issued in the year	Interest-bearing at face value	Payment in the year	Other increase in the year	31 December 2018
15 CIMC MTN001	2,033,043	–	51,900	(2,103,800)	18,857	–
18 Hai Yun Ji Zhuang MTN002	–					

On 4 December 2018, the Company issued an unsecured perpetual debt with amount of RMB2 billion at face value ("18 renewable corporate bond (Tranche I)"). The net amount after deducting the issue fee was RMB1,994,340,000. The equity instrument are issued for general corporate finance purposes. The first three interest-bearing years of the equity instrument is accrued at an interest rate of 4.85% per annum and are paid annually from 5 December 2019 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every 3 years. The equity instrument have no fixed expiry dates and may be redeemed by the Company on or after 5 December 2021 at their nominal value, together with a payment of any accrued, unpaid or deferred interest for every 3 interest-bearing years.

Capital Structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2018, the Group's equity interests attributable to shareholders amounted to RMB52,402.988 million (31 December 2017: RMB43,237.434 million); the total liabilities amounted to RMB106,480.975 million (31 December 2017: RMB87,366.945 million) and the total assets amounted to RMB158,883.963 million (31 December 2017: RMB130,604.379 million). As at 31 December 2018, the gearing ratio of the Group was 67.02% (31 December 2017: 66.89%), representing a year-on-year increase of 0.13%. The 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 eTw 0 rest-d d

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 2018, the Group had capital expenditure commitments of approximately RMB2,010.583 million (31 December 2017: RMB142.718 million), which was mainly used for fixed assets purchase contracts entered into but not performed or performed partially, external investment contracts entered into but not performed or performed partially and vessels manufactured for sales or lease. Please refer to note 14 to "8 Financial Report" in the Announcement for details.

Pledge of Assets

As at 31 December 2018, restricted assets of the Group amounted to a total of RMB9,741.784 million (31 December 2017: RMB9,815.725 million), with details summarised as follows:

Unit: RMB thousand

	31 December 2017	Increase in current year	Decrease in current year	Conversion impact of foreign currency statement	**31 December 2018**
– Cash at bank and on hand	1,353,836	254,486	(410,509)	–	**1,197,813**
– Notes receivable	72,475	37,981	(27,493)	–	**82,963**
– Other current assets	21,060	118,026	(21,060)	–	**118,026**
– Long-term receivables	8,015,023	543,147	(751,230)	368,540	**8,175,480**
– Fixed assets	353,331	2,196	(188,025)	–	**167,502**
Total	9,815,725	955,836	(1,398,317)	368,540	**9,741,784**

The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China by the Finance Company, a subsidiary of the Group. Notes receivables are used for pledge for letter of guarantee and pledge for pool of notes. The restricted other current assets are discounted notes that have not yet expired and are subject to recourse. Long term receivables are used as collateral for m4col3ong ,col3ong ,co5ssrtg

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

Major Acquisitions

Company name	**Main business**	**Progress made as at the balance sheet date**	**Equity interests of the investee held by the Company (%)**	**Investment made in the Reporting Period** *(RMB thousand)*
CIMC-TianDa Holdings Company Limited ("CIMC-TianDa" formerly known as China Fire Safety Enterprise Group Limited ("CFE"))	The manufacture and sales of passenger boarding bridges, airport group support equipment, automated vehicle parking systems, fire engines and fire prevention and fighting equipment; the provision of engineering and computer software solutions.	Completed	51%	1,242,520.00
Shenzhen Taiziwan Shangrong Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	Completed	49%	1,548,666.81
Shenzhen Taiziwan Shangtai Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	Agreement signed	49%	1,620,346.99
Shenzhen Shangqi Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	Completed	51%	2,551,180.60
Shenzhen Leyi Real Estate Co., Ltd.	Engaged in real estate development and operation on land legally acquired	Completed	51%	599,918.42

During the Reporting Period, the Group did not have any significant investment or major disposal of subsidiaries, associated companies and joint ventures.

Employees and Remuneration Policies

As at 31 December 2018, there were approximately 51,253 employees of the Group (31 December 2017: approximately 50,689) 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 RMB8,839.348 million (2017: approximately RMB7,402.385 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

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

Upon the consideration and approval at the 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 27 July 2018, upon the consideration and approval at the 11th meeting of the eighth session of the Board in 2018 and the implementation of the annual dividend distribution plan of the Company for 2017, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.22/option and RMB15.75/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 27 July 2018.

During the Reporting Period, the total share options exercised under the above mentioned A share(s) option incentive scheme amounted to 2,099,800 options, representing 3.59% of the total (adjusted), among which: 1,150,800 share options were exercised for the First Tranche of Share Options, and 949,000 share options were exercised for the Second Tranche of Share Options. As at 31 December 2018, the total share options exercised under the above mentioned A share(s) option incentive scheme cumulatively amounted to 26,264,285, representing 44.86% 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 2019" in the Announcement.

7.4 On 12 March 2018, upon consideration and approval at the 5th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to issue not more than 343,315,321 overseas listed foreign shares (i.e. H Shares) pursuant to the general mandate as considered and approved at the 2016 annual general meeting convened on 9 June 2017. On 30 August 2018, the Company issued an announcement on the approval from the CSRC of the application for the issuance of additional H Shares. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.:[CIMC]2018-014, [CIMC]2018-015 and [CIMC] 2018-070), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 12 March 2018 and 30 August 2018.

7.5 On 12 March 2018, upon consideration and approval at the 5th meeting in 2018 of the eighth session of the Board of the Company, CIMC Transportation Equipment (International) Holdings Limited, a wholly-owned subsidiary of the Company, sold its 44.94382% equity interest in Shouzhong Investment Management Co., Ltd to Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of Shougang Concord International Enterprises Company Limited, and Shougang Concord International Enterprises Company Limited shall issue consideration shares to settle the consideration. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.:[CIMC]2018-016), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 12 March 2018.

7.6 On 27 March 2018, as considered and approved at the 6th meeting of the eighth session of the Board of the Company of 2018, the Company appointed Mr. Gao Xiang as the executive vice president of the Company, appointed Mr. Li Guiping and Mr. Huang Tianhua as the vice president of the Company, and appointed Mr. Yu Yuqun as the vice president and the Board and Company secretary of the Company. Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing, all being former vice presidents of the Company, have been redesignated as senior consultants of the Company. On 9 August 2018, Mr. Li Guiping resigned due to work reasons. After resigning from the above position, Mr. Li Guiping will remain as the director, CEO and the president of CIMC Vehicles, a subsidiary of the Company. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-030 and [CIMC]2018-065), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2018 and 9 August 2018.

7.7 On 27 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company would prepare its financial statements for the year of 2017 and subsequent periods in accordance with the "Notice on Revising and Issuing the Format of Financial Statements for General Enterprises" (Cai Kuai [2017] No. 30), and would adopt the newly revised "Accounting Standards for Business Enterprises No. 14 – Revenue", "Accounting Standards for Business Enterprises No. 22 -Recognition and Measurement of Financial Instrument", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments" and "Interpretation of No. 9-12 of the Accounting Standards for Business Enterprises". For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-026), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 March 2018. Please also see "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

7.10 On 29 March 2018, as considered and approved at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company and COSCO SHIPPING Development Co., Ltd. entered into the Supplementary Agreement to the Supply of Commodity Framework Agreement, agreeing to increase the annual caps of daily connected transactions/ continuing connected transactions for 2018 and 2019 between the two parties to RMB4.60 billion and RMB5.00 billion respectively. On 8 June 2018, the annual general meeting for 2017 considered and approved the proposal. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2016-071, [CIMC]2018-027, [CIMC]2018-035 and [CIMC]2018-051), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 12 November 2016, 27 March 2018, 29 March 2018 and 8 June 2018.

7.11 On 23 April 2018, the transaction regarding the disposal of the equity interest in Pteris by the Group to CFE was completed. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.:[CIMC]2017-082, [CIMC]2018-009, [CIMC]2018-034 and [CIMC] 2018-043), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 4 December 2017, 9 February 2018, 28 March 2018 and 23 April 2018.

7.12 On 31 May 2016, the Resolution Regarding the Registration and Issuance of Medium Term Notes (including perpetual medium term notes) and Super & Short-term Commercial Papers in the PRC was approved at the 2015 annual general meeting of the Company, approving the issuance by the Company of super & short-term commercial papers with a size of not more than RMB15 billion. On 21 June 2016, the Company made an application for registration to the National Association of Financial Market Institutional Investors, and received the Notice of Acceptance of Registration (Zhong Shi Xie Zhu No. [2016] SCP206) issued by the National Association of Financial Market Institutional Investors on 28 July 2016. On 20 June 2018, the Company completed the issuance of the first tranche of the super & short-term commercial papers of the Company for 2018 (the "**Tranche I Super & Short-term Commercial Papers**") with issuance amount of RMB1 billion and annual interest rate of 4.3%. On 3 July 2018, the Company completed the issuance of the second tranche of the super & short-term commercial papers of the Company for 2018 (the "**Tranche II Super & Short-term Commercial Papers**") with issuance amount of RMB1 billion and annual interest rate of 4.25%. On 11 July 2018, the Company completed the issuance of the third tranche of the super & short-term commercial papers of the Company for 2018 (the "**Tranche III Super & Short-term Commercial Papers**") with issuance amount of RMB2 billion and annual interest rate of 4.10%. The first tranche and second tranche of super & short-term commercial papers were due on 23 October 2018. The Company has completed the repayment of the first tranche and second tranche of super & short-term commercial papers on the maturity date, respectively. Tranche III Super & Short-term Commercial Papers were due on on 13 November 2018. The Company has completed the repayment of the third tranche of super & short-term commercial papers on the maturity date. On 26 October 2018, the issuance of the second tranche of the medium term notes of the Company for 2018 (perpetual medium term notes, the "**Tranche II Medium Term Notes**") was completed. The Tranche II Medium Term Notes was issued at par value with a size of RMB2.0 billion which shall mature when the Company is required to redeem them in accordance with the terms of the issuance. The coupon rate for the first three interest-bearing years shall be 5.17%. 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]2016-033, [CIMC]2018-054, [CIMC]2018-055, [CIMC]2018-057, [CIMC] 2018-093, [CIMC] 2018-098 and [CIMC] 2018-108), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 31 May 2016, 20 June 2018, 3 July 2018, 11 July 2018, 23 October 2018, 26 October 2018 and 13 November 2018.

7.13 On 8 June 2018, the Resolution Regarding Financial Institutions Credit Facility and Project Guarantee Provided to the Subsidiaries of the Company in 2018 was considered and approved were fully received on the same date. The Tranche V Super & Short-term Commercial Papers was issued with a size of RMB1.0 billion at an interest rate of 3.12% (annualized). On 30 January 2019, the Company completed the issuance of the first tranche of super & short-term commercial papers for 2019. The proceeds raised from the issuance were fully received on 30 January 2019. The issuance amount was RMB1.5 billion and the issue rate was 2.95% (annualized). For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-040, [CIMC]2018-041, [CIMC]2018-051, [CIMC]2018-091, [CIMC]2018-101, [CIMC]2018-110 and [CIMC]2019-005), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 23 April 2018, 8 June 2018, 17 October 2018, 5 November 2018, 26 November 2018 and 30 January 2019.

7.15 The first redemption date of the 2015 first tranche of medium term note of the Company is 16 June 2018 (postponed to the next business day if the date falls on festivals or holidays). On 16 June 2015, the Company issued the 2015 first tranche of medium term note with a size of RMB2.0 billion, a term maturing upon redemption by the issuer at the time as agreed in the issue term, a coupon rate of 5.19% for the preceding three years of interest calculation and a value date that starts from 16 June 2015. The Company has exercised the redemption right of the 2015 first tranche of medium term note at principal plus accrued interest and redeemed bonds held by holders in full on 19 June 2018, i.e. the third interest payment date of such bonds, and thus completing the principal and interest repayment of the 2015 first tranche of medium term note. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-053), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 19 June 2018.

7.16 On 20 July 2018,

the Company, CIMC Vehicles, on the Hong Kong Stock Exchange. On 14 September 2018, the Company published an announcement in relation to the plan of restructuring CIMC Vehicles into a joint stock company with limited liability. This proposal was considered and approved at the second extraordinary general meeting for 2018, the first A shareholders'class meeting for 2018 and the first H shareholders'class meeting for 2018 on 26 September 2018. Pursuant to relevant regulatory requirements, CIMC Vehicles received the CSRC's Acceptance Notice of the Application for Administration Permission on 3 December 2018 (acceptance no: 181913). The CSRC reviewed the application materials for the administrative permission for overseas listing of CIMC Vehicles, it considered that the application materials were complete and decided to accept the application for the administrative approval. On 21 December 2018, the Company applied to the Hong Kong Stock Exchange for approval of the proposed spin-off and separate listing of CIMC Vehicles on the Main Board of the Hong Kong Stock Exchange in accordance with the Practice Note 15 of the Listing Rules of the Stock Exchange. The Hong Kong Stock Exchange has confirmed that the Company may proceed with the proposed spin-off and listing. On 27 December 2018, CIMC Vehicles submitted a listing application (Form A1) to the Hong Kong Stock Exchange through its sole sponsor, Haitong International Capital Limited, to apply for approval of the listing of, and permission to deal in, the H shares of CIMC Vehicles on the Main Board of the Hong Kong Stock Exchange. On 14 March 2019, CIMC Vehicles received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of CIMC Vehicles (Group) Co., Ltd. (Zheng Jian Xu Ke [2019] No. 356) from the CSRC, approving the issuance of overseas listed foreign invested shares by CIMC Vehicles. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-064, [CIMC]2018-067, [CIMC]2018-078, [CIMC] 2018-082, [CIMC] 2018-116, [CIMC] 2018-118, [CIMC] 2018-120 and [CIMC] 2019-009), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 9 August 2018, 14 August 2018, 14 September 2018, 26 September 2018, 4 December 2018, 21 December 2018, 27 December 2018 and 14 March 2019 and the circular published on 5 September 2018.

7.18 On 7 September 2018, in order to further improve the Company's debt structure, broaden the Company's financing channels, meet the Company's capital needs, and reduce the Company's financing costs, the Company issued an announcement regarding the proposed application for the public issuance of corporate bonds (including renewable corporate bonds) to qualified investors. The proposal was considered and approved at the second extraordinary general meeting for 2018 on 26 September 2018. On 30 November 2018, the Company published the Announcement on the Public Offering of Renewable Corporate Bonds (Tranche 1) and related prospectus. On 3 December 2018, the Company published the announcement in respect of book building period of renewable corporate bonds (tranche 1). On 4 December 2018, the Company published the announcement on the coupon rate of renewable corporate bonds (tranche 1). On 6 December 2018, the Company published the Announcement on the Results of Offering of Renewable Corporate Bonds (Tranche 1). On 28 December 2018, the Company published the Announcement on the Listing of Public Offering of Renewable Corporate Bonds (Tranche 1). The actual issuance size of the bonds is RMB2 billion and the final coupon rate is 4.85%. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.:[CIMC]2018-074 and [CIMC]2018-082), as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 7 September 2018, 26 September 2018, 30 November 2018, 3 December 2018, 4 December 2018, 6 December 2018 and 28 December 2018.

7.19 On 26 September 2018, Shenzhen CIMC Zhicheng Enterprise Development Co., Ltd. ("**CIMC Zhicheng**"), a direct wholly-owned subsidiary of the Company, took part in a bidding in respect of the land use rights of the 0208-02, 0209-01, 0210-01, 0213-01, 0214-01, 0215-01, 0219-02, 0220-02 land lot in Unit 02, Meiluo Home Large Residential Community, Luodian Town, Baoshan District, Shanghai between 17 September 2018 and 26 September 2018 pursuant to the relevant requirements of the Shanghai State-Owned Construction Land Use Right Grant Announcement (Hu Gao Zi [2018] No. 110) and successfully won the bidding at the price of RMB4,101,550,000, and the relevant agreement was signed on 30 September 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-081 and [CIMC]2018-086), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 26 September 2018 and 30 September 2018.

7.20 On 27 September 2018, the Resolution Regarding the Acquiring of Prince Bay Projects through Public Tender by Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. was considered and approved at the 17th meeting in 2018 of the eighth session of the Board of the Company, which approved the four Controlled Subsidiaries of the Company ("**Proposed Bid Companies**") established jointly by CIMC Skyspace Real Estate, the controlled subsidiary of the Company, and CIMC Group Containers Holdings Co., Limited, a wholly-owned subsidiary of the Company, to bid for a portion of equity interest of four wholly-owned subsidiaries ("**Target Companies**") of the related party of the Company, China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("**CMSK**"), at a total final bid price of RMB6,320,112,820 by means of capital injection at China Beijing Equity Exchange Co., Ltd. respectively. On 12 November 2018, this transaction has been considered and approval at the Company's third extraordinary general meeting for 2018. China Merchants (CIMC) Investment Limited and its related persons, as the related shareholders, abstained from voting on the relevant resolutions at the extraordinary general meeting. On 23 November 2018, the Company received the "Notification of Signing Transaction Agreements" issued by China Beijing Equity Exchange Co., Ltd. On 30 November 2018, the four Proposed Bid Companies signed a capital injection agreement with CMSK and four target companies, respectively. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-083, [CIMC]2018-084, [CIMC]2018-105, [CIMC]2018-109 and [CIMC]2018-114), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 September 2018, 12 November 2018, 23 November, 2018 and 30 November 2018.

7.21 To cater for the construction and development plan of Jiaozhou New Industrial Zone (膠州市產業新區), Qingdao CIMC Reefer Container Manufacture Co., Ltd. and Qingdao CIMC Special Reefer Co., Ltd. (hereinafter collectively referred to as the "Qingdao Base"), the wholly-owned subsidiaries of the Company, has entered into the Relocation and Compensation Agreements on Recovery of the State-owned Land Use Rights in Jiaozhou City (《膠州市收回國有土地使用權補償拆遷協議書》) with Jiaozhou Land Reserves Coordination Centre (膠州市土地儲備整理中心) on 21 November 2016 and 4 September 2017 respectively. On 27 July 2018, in order to further supplement and specify the provisions under the previous compensation agreements, the Company entered into the Cooperation Contract on Establishment of the CIMC Hi-tech Cold Chain Industrial Park (Supplemental Agreement III) (《關於建設"中集冷鏈高新產業園"合作合同(補充協議三)》) (hereinafter collectively referred to as the "**Compensation Agreement**") with Jiaozhou Municipal People's Government. According to the Compensation Agreement, Jiaozhou Land Reserves

Coordination Centre will compensate the Qingdao Base for the reservation and relocation in monetary form for a total of approximately RMB1.5 billion. At 28 September 2018, the Qingdao Base has received reservation and relocation compensation in an amount of approximately RMB591 million. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-087), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 2 October 2018.

7.22 On 22 October 2018, the supervisory committee of the Company received the written resignation from Mr. Zhang Mingwen, the chairman of the supervisory committee. Mr. Zhang Mingwen has tendered his resignation from the position of the chairman of the supervisory committee of the Company due to the change in work arrangement. Mr. Zhang Mingwen's resignation will result in the total number of supervisors of the Company falling below the minimum quorum; therefore, in accordance with the provisions of the Articles of Association, Mr. Zhang Mingwen's resignation will not come into effect until a new supervisor representing shareholders is elected at the general meeting to fill the vacancy. On 26 October 2018, the 6th meeting in 2018 of the eighth session of the supervisory committee of the Company considered and approved the Resolution in Relation to the By-election of Mr. Lin Feng as a Supervisor Representing Shareholders of the Eighth Session of the Supervisory Committee, which approved the by-election of Mr. Lin Feng as a supervisor representing shareholders of the eighth session of the supervisory committee and proposed the relevant resolution to the general meeting for consideration. This resolution has been considered and approval at the Company's third extraordinary 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]2018-092, [CIMC]2018-094, [CIMC]2018-095, [CIMC]2018-105 and [CIMC]2018-106), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 22 October 2018, 26 October 2018 and 12 November 2018.

7.23

7.24 On 29 November 2018, as considered and approved at the 24th meeting in 2018 of the eighth session of the Board of the Company, it is agreed that a proposal shall be made to the general meeting for a general mandate granted to the Board for repurchase of shares, and the executive directors of the Company or their authorized persons shall be authorized by the Board to handle all matters related to the repurchase of shares at their discretion. The proposal was considered and approved at the Company's first extraordinary general meeting for 2019 and the first A/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]2018-111, [CIMC] 2018-112 and [CIMC] 2019-003), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 29 November 2018 and 15 January 2019.

7.25 On 19 December 2018, the Resolution on Participating in the Rights Issue of TSC Group Holdings Limited was considered and approved at the 25th meeting in 2018 of the eighth session of Board of the Company, it is agreed that China International Marine Containers (Hong Kong) Limited, a wholly-owned subsidiary of the Company, participate based on its shareholding of 92,800,000 shares in TSC Group Holdings Limited (renamed as "CMIC Ocean En-Tech Holding Co., Ltd." ("**CMIC Ocean En-Tech Holding**") on February 13, 2019) in the rights issue at a ratio of 1:1, and the subscription price is HK$0.45 and the subscription amount is HK$41.76 million. The independent directors of the eighth session of the Board of the Company have expressed their independent opinions in this regard. On 24 January 2019, the Group paid a consideration of HK$41,760,000 and subscribed for 92,800,000 shares of CMIC Ocean En-Tech Holding. For relevant information, please refer to the announcements published bw1G,nss3(an)mp15(v)1.5(em)9 No o.5(em)9,nsswin15(v)1.,nsS

Authority") in respect of the land preparation issues of the land parcels of T102-0152, T102-0153 and T102-0154 located at Qianhai, Shenzhen. Pursuant to the Land Preparation Framework Agreement, Shenzhen UPLRC and the Qianhai Authority agreed to arrange a land parcel of approximately 57,000 square meters as the site for preliminary project of Southern CIMC, of which approximately 36,000 square meters of the land is used as the site for phase I of the preliminary project (the "**Phase I Land**"). On 19 February 2019, to further supplement on the relevant provisions in the Land Preparation Framework Agreement, Southern CIMC 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. On 27 February 2019, the Qianhai CIMC City Property Development (Shenzhen) Co., Ltd. ("**Qianhai CIMC City**") and Qianhai CIMC Cloud Property Development (Shenzhen) Co., Ltd. ("**Qianhai CIMC Cloud**"), the wholly-owned subsidiaries of f0ucompanvy,12.6(0uha)250.1vv0u entere12.6(0u intf)12.6(f)12.6 s,iSecuoririe Tsite(www.cninrf.

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

(a)

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

(b) Influences on cash flows are as follow:

The Group and the Company reclassified received government subsidies related to assets to other cash received which is related to operating activities from other cash received which is related to investing activities, influenced amounts in 2017 were RMB189,452,000 and RMB2,880,000, respectively.

(2) Revenue

According to relevant requirements of the New Revenue Standards, for accumulated differences from the first implementation of the standard, the Group and the Company has adjusted retained earnings at the beginning of 2018 and the amount of other relevant items in the financial statements. Comparative financial statements of 2017 are not restated.

Contents and reasons for changes on accounting policies	**Affected statements items**	**Affected Amount January 1 2018 The Group**
Due to the implementation of the New Revenue Standards, the method of revenue recognition of design projects was changed from performance progress basis to a point when control is transferred.		

(2) Revenue (Continued)

Contents and reasons for changes on accounting policies	**Affected statements items**	**Affected Amount January 1 2018 The Group**
Due to the implementation of the New Revenue Standards, the Group reclassified accounts receivable related to installation and engineering project business which does not satisfy unconditional receiving right to contract assets, and its related advances reclassified to contract liabilities	Contract assets -original value	1,277,043
	Contract assets-impairment provision	32,714
	Inventories	(1,052,555)
	Counts receivable-original value	(191,774)
	Contract liabilities	4,575,754
	advances	(4,575,754)

First implementation of the standard does not have influence on the amount of other related items of financial statement of the Company.

Compared with the original revenue standard, the impact of the implementation of the New Revenue Standards on relevant items on the financial statements in 2018 is set out below:

Balance sheet items affected	**Affected amount 31 December 2018 The Group**
Contract assets	**1,514,348**
Accounts receivable	**(226,149)**
Inventories	**(1,288,199)**
Contract liabilities	**7,252,088**
Advances from customers	**(7,252,088)**

Income statement items affected	**Affected amount 2018 The Group**
Cost of Sales	**1,434,450**
Selling and Distribution Expenses	**(1,415,731)**
Revenue	**28,799**
Income Tax Expenses	**2,520**
Net profit	**7,560**
Including: Equity attributable to shareholders and other e[]areholdent of the CompanCoresssetsNew Revenue Standarrd does not havr	

(3) Financial instruments

According to relevant requirements of the New Revenue Standards, for accumulated differences from the first implementation of the standard, the Group and the Company has adjusted retained earnings at the beginning of 2018 and the amount of other relevant items in the financial statements. Comparative financial statements of 2017 are not restated.

(a) Set out below is the table comparing the results of financial instruments classified and measured in accordance with the original financial instruments standards and the New Financial Instruments Standards for financial assets in the consolidated financial statements of the Group as at 1 January 2018:

Original financial instruments standards			New financial instruments standards		
Stated items	**Measurement category**	**Carrying value**	**Stated items**	**Measurement category**	**Carrying value**

(3) Financial instruments (Continued)

Set out below is the table comparing the results of financial instruments classified and measured in accordance with the original financial instruments standards and the New Financial Instruments Standards for financial assets in the financial statements of the Company as at 1 January 2018:

Original financial instruments standards			New financial instruments standards		
Stated items	**Measurement category**	**Carrying value**	**Stated items**	**Measurement category**	**Carrying value**
Cash at bank and on hand	Amortised cost	1,366,876	Cash at bank and on hand	Amortised cost	1,366,876
Other receivables	Amortised cost	18,115,511	Other receivables	Amortised cost	18,115,511
Available-for-sale financial assets (including other current assets)	Measured at cost (equity instruments)	388,905	Investments in other equity instruments	Measured at fair value through other comprehensive income	840,249

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

(3) Financial instruments (Continued)

(b) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Financial Instruments Standards by the Group and the Company in accordance with the measurement categories under the New Financial Instruments Standards as at 1 January 2018:

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

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

	Note	**Carrying amount**	
		Consolidated	**The Company**
Monetary fund			
31 December 2017		5,596,314	1,366,876
Less: Transferred to financial assets measured at fair value through profit or loss (New Financial Instruments Standards)		–	–
1 January 2018		5,596,314	1,366,876
Receivables *(Note 1)*			
31 December 2017		38,937,366	18,115,511
Reclassification adjustment: impact of implementation of New Revenue Standards		(220,573)	–
Less: Transferred to financial assets measured at fair value through profit or loss (New Financial Instruments Standards)	*i)*	(21,060)	–
Remeasurement: Total expected credit losses		(176,889)	–
1 January 2018		38,518,884	18,115,511
Total financial assets measured at amortized cost (New Financial Instruments Standards)		44,115,158	19,482,387

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

(3) Financial instruments (Continued)

(b) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Financial Instruments Standards by the Group and the Company in accordance with the measurement categories under the New Financial Instruments Standards as at 1 January 2018: (Continued)

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

	Note	**Carrying amount**	
		Consolidated	**The Company**
Financial assets held for trading (including other non-current financial assets)			
31 December 2017		183,303	–
Add: Transferred from available for-sale financial assets (original financial instruments standards)	*iv)*	408,000	–
Add: Transferred from cash at bank and on hand (original financial instruments standards)		–	–
Add: Transferred from derivative financial assets (original financial instruments standards)		–	–
Remeasurement: Changed from amortised cost to fair value		–	–
1 January 2018		591,303	–
Derivative financial assets			
31 December 2017		330,111	–
Less: Transferred to financial assets held for trading (New Financial Instruments Standards)		–	–
1 January 2018		330,111	–
Total financial assets measured at fair value through profit or loss (New Financial Instruments Standards)		921,414	–

(3) Financial instruments (Continued)

(b) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Financial Instruments Standards by the Group and the Company in accordance with the measurement categories under the New Financial Instruments Standards as at 1 January 2018: (Continued)

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

	Note	**Carrying amount**	
		Consolidated	**The Company**
Other debt investments(including other current assets)			
31 December 2017		–	–
Add: Transferred from available for-sale financial assets (original financial instruments standards)	*ii)*	28,661	–
Add: Transferred from accounts receivable (original financial instruments standards)	*i)*	21,060	–
Remeasurement: Changed from amortised cost to fair value		–	–
1 January 2018		49,721	–
Investments in other equity instruments			
31 December 2017		–	–
Add: Transferred from available for-sale financial assets (original financial instruments standards)	*iii)*	412,920	388,905
Remeasurement: Changed from cost to fair value		456,344	451,344
1 January 2018		869,264	840,249

	Note	Carrying amount	
		Consolidated	**The Company**
Available-for-sale financial assets			
31 December 2017		849,581	388,905
Less: Transferred to financial assets measured at fair value through profit or loss from changes in fair value (New Financial Instruments Standards)	*iv)*	(408,000)	–
Less: Transferred to financial assets measured at fair value through other comprehensive income (New Financial Instruments Standards)	*ii)&iii)*	(441,581)	(388,905)
1 January 2018		–	–
Total financial assets measured at fair value through other comprehensive income (New Financial Instruments Standards)		869,264	840,249

i) A smaller portion subsidiaries of the Group discounted and endorsed part of the bank acceptance notes according to their daily fund management needs. Their business model for management of bank acceptance notes includes the objective of collecting contractual cash flows and comprises the objective of disposal, therefore, on 1 January 2018, the Group reclassified the subsidiary's bank acceptance notes of RMB21,060,000 to financial assets

(3) Financial instruments (Continued)

(b) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Financial Instruments Standards by the Group and the Company in accordance with the measurement categories under the New Financial Instruments Standards as at 1 January 2018: (Continued)

iii) On 31 December 2017, the Group and the Company held unlisted equity investments measured at cost, with a carrying amount of RMB412,920,000 and RMB388,905,000 On 1 January 2018, for strategic investment considerations, the Group and the Company chose to designate the equity investment as financial assets measured at fair value through other comprehensive income and included it in investments in other equity instruments. Accordingly, the Group and the Company will adjust the difference of RMB456,344,000 and RMB451,344,000 between the fair value and the original carrying amount to other comprehensive income at the beginning of the period.

iv) On 31 December 2017, the carrying amount of the non-principal-guaranteed wealth management products with floating profits held by the Group was RMB408,000,000. After the Group implemented the New Financial Instruments Standards, as wealth management products' contractual cash flows characteristics are not consistent with the basic lending arrangement, therefore, on 1 January 2018, the Group reclassified bank wealth management products to financial assets at fair value through profit or loss from available-for-sale financial assets, included it in financial assets held for trading.

(3) *Financial instruments (Continued)*

(c) *Set out below is the reconciliation of the impairment provision of the original financial assets adjusted to loss provision by the Group in accordance with requirements under the New Financial Instruments Standards as at 1 January 2018:*

Measurement category	Provision for losses in accordance with the original financial instruments standards/ Estimated nts

(3) Financial instruments (Continued)

(d) Set out below is the reconciliation of the impairment provision of the original financial assets adjusted to loss provision by the Company in accordance with requirements under the New Financial Instruments Standards as at 1 January 2018:

Measurement category	**Provision for losses in accordance with the original financial instruments standards/ Estimated liabilities recognised based on contingency standards**	**Reclassification**	**Remeasurement**	**Provision for losses in accordance with the New Financial Instruments Standards**
Financial assets measured at amortised cost – Provision for impairment of other receivables	4,560	–	–	4,560
Financial assets at fair value through other comprehensive income – Provision for impairment of available-for-sale financial assets	3,065	(3,065)	–	–
Total	7,625	(3,065)	–	4,560

Due to the implementation of the New Financial Instruments Standards, the Group adjusted the deferred income tax assets of RMB12,934,000 as of 1 January 2018. The affected amount of the relevant adjustments to the equity attributable to shareholders of the parent company in the consolidated financial statements of the Group increased by RMB314,940,000, among which, the surplus reserve was Nil, the undistributed profit decreased by RMB141,404,000, the other comprehensive income increased by RMB456,344,000, and the affected amount of minority interests decreased by RMB22,550,000.

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

8.5 Financial Statements Prepared in Accordance with CASBE

8.5.1 Consolidated Balance Sheet (audited)

Unit: RMB thousand

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

8.5.1 Consolidated Balance Sheet (audited) (Continued)

Unit: RMB thousand

	Note	**31 December 2018**	31 December 2017	1 January 2017
Liabilities and shareholders' equity				
Current liabilities:				
Short-term borrowings		**19,898,221**	15,317,347	15,729,787
Financial liabilities at fair value through profit or loss		**–**	3,025	141,806
Derivative financial liabilities		**342,726**	–	–
Notes payable and accounts payable	*5*	**15,100,613**	14,001,767	11,712,533
Advances from customers		**132,001**	4,624,088	3,780,694
Contract liabilities		**7,252,088**	–	–
Employee benefits payable		**3,096,818**	2,713,482	2,115,108
Taxes payable		**2,194,085**	1,363,986	1,092,030
Other payables				

8.5.1 Consolidated Balance Sheet (audited) (Continued)

	Note	**31 December 2018**	31 December 2017	1 January 2017
Shareholders' equity:				
Share capital		**2,984,989**	2,982,889	2,978,577
Other equity instruments		**4,007,545**	2,033,043	2,049,035
Including: perpetual bonds		**4,007,545**	2,033,043	2,049,035
Capital reserve		**4,128,400**	4,209,663	3,126,585
Other comprehensive income		**838,711**	219,303	357,341
Surplus reserve		**3,282,585**	3,281,535	3,279,379
Undistributed profits	*6*	**22,082,769**	19,734,494	17,495,053
Total equity attributable to shareholders and other equity holders of the Company		**37,324,999**	32,460,927	29,285,970
Minority interests		**15,077,989**	10,776,507	9,848,822
Total equity of shareholders		**52,402,988**	43,237,434	39,134,792
Total liabilities and shareholders' equity		**158,883,963**	130,604,379	124,614,748

8.5.2 Balance Sheet of the Company (audited)

Unit: RMB thousand

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

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

Unit: RMB thousand

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

8.5.3 Consolidated Income Statement (audited) (Continued)

Unit: RMB thousand

Item		*Note*	**2018**	2017
I.	**Revenue**	7	**93,497,622**	76,299,930
	Less: Cost of sales	7	**79,586,408**	62,292,715
	Taxes and surcharges		**955,557**	516,723
	Selling and distribution expenses		**1,744,260**	2,926,718
	General and administrative expenses		**5,158,990**	4,830,325
	Research and development expenses		**993,416**	651,729
	Financial expenses		**1,158,896**	1,446,321
	Including: Interest expenses		**1,928,060**	1,148,626
	Interest income		**590,292**	227,261
	Asset impairment losses	8	**2,425,624**	671,341
	Credit impairment losses		**304,550**	–
	Add: Other income		**386,822**	472,626
	Investment (loss) income		**(82,029)**	510,351
	Including: Share of profit of associates and joint ventures		**166,415**	30,675
	(Loss)/profit from changes in fair value		**(239,620)**	111,316
	Gain on disposal of assets	9	**5,241,911**	113,334
II.	**Operating profit**		**6,477,005**	4,171,685
	Add: Non-operating income		**374,891**	622,421
	Less: Non-operating expenses		**168,338**	384,865
III.	**Total profit**		**6,683,558**	4,409,241
	Less: Income tax expenses	10	**2,615,103**	1,250,826
IV.	**Net profit**		**4,068,455**	3,158,415
	Classified by continued operations			
	Net profit from continued operations		**4,068,455**	3,158,415
	Net profit from discontinued operations		**–**	–
	Classified by attribution of ownership			
	Net profit attributable to shareholders and other equity holders of the company		**3,380,436**	2,509,242
	Profit or loss attributable to minority interests		**688,019**	649,173

Item		*Note*	**2018**	2017
V.	**Other comprehensive income, net of tax**		**263,110**	(195,798)
	Attributable to Shareholders and other equity holders of the Company		**163,064**	(138,038)
	Items that may not be reclassified to profit or loss		**(172,827)**	–
	Changes in fair value of other investments in equity instruments		**(172,827)**	–
	Items that may be reclassified to profit or loss		**335,891**	(138,038)
	Changes in fair value of available-for-sale financial assets		**–**	568
	Changes in fair value of other debt investments		**1,599**	–
	Gain of cash flow hedges		**(1,014)**	3,654
	Gain/(loss) from the difference between fair value and book value by converting self-use property to investment properties measured with fair value		**57,788**	5,011
	Share of other comprehensive income in the investees to be reclassified to profit or loss in subsequent periods under the equity method		**–**	16,448
	Transfer of other comprehensive income from the sale of investment properties		**–**	(39,086)
	Currency translation differences		**277,518**	(124,633)
	Attributable to minority interests		**100,046**	(57,760)
VI.	**Total comprehensive income**		**4,331,565**	2,962,617
	Attributable to shareholders and other equity holders of the Company		**3,543,500**	and o20000 0 Td[(

8.5.4 Income Statement of the Company (audited)

Unit: RMB thousand

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

8.5.5 Consolidated Cash Flow Statement (audited)

Unit: RMB thousand

Item		*Note*	**2018**	2017
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		**90,161,165**	76,044,774
	Refund of taxes and surcharges		**4,403,842**	2,743,233
	Cash received relating to other operating activities		**1,674,340**	1,881,378
	Sub-total of cash inflows from operating activities		**96,239,347**	80,669,385
	Cash paid for goods and services		**78,645,780**	61,590,642
	Cash paid to and on behalf of employees		**8,454,783**	6,210,535
	Payments of taxes and surcharges		**3,070,197**	2,585,689
	Cash paid relating to other operating activities		**5,927,855**	5,817,688
	Sub-total of cash outflows from operating activities		**96,098,615**	76,204,554
	Net cash flows from operating activities		**140,732**	4,464,831
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		**803,499**	9,728,843
	Cash received from returns on investments		**28,898**	58,824
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**2,096,788**	986,733
	Net cash received from disposal of subsidiaries		**51,081**	475,629
	Sub-total of cash inflows from investing activities		**2,980,266**	11,250,029

8.5.5

8.5.6 Cash Flow Statement of the Company (audited)

Unit: RMB thousand

Item		Note	2018	2017
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods and rendering of services		**378,316**	274,870
	Cash received relating to other operating activities		**418,004**	2,023,758
	Sub-total of cash inflows from operating activities		**796,320**	2,298,628
	Cash paid to and on behalf of employees		**156,252**	120,634
	Payments of taxes and surcharges		**19,181**	2,787
	Cash paid relating to other operating activities		**10,226,607**	646,230
	Sub-total of cash outflows from operating activities		**10,402,040**	769,651
	Net cash flows from operating activities		**(9,605,720)**	1,528,977
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		**500,000**	9,500,000
	Cash received from returns on investments		**702,469**	511,092
	Net cash received from disposal of fixed assets		**27,474**	74
	Net cash received from disposal of subsidiaries		**272,353**	50
	Sub-total of cash inflows from investing activities		**1,502,296**	10,011,216
	Cash paid to acquire fixed assets and other long-term assets		**46,626**	110,485
	Cash paid to acquire investments		**500,000**	9,500,000
	Net cash paid to acquire subsidiaries		**518,246**	81,616
	Cash paid relating to other investing activities		**–**	58,000
	Sub-total of cash outflows from investing activities		**1,064,872**	9,750,101
	Net cash flows from investing activities		**437,424**	261,115

Item		*Note*	**2018**	2017
III.	**Cash flows from financing activities:**			
	Cash received from capital contributions		**44,496**	31,193
	Cash received from borrowings		**15,752,000**	9,970,000
	Cash received from issue of bonds		**5,994,000**	–
	Sub-total of cash inflows from financing activities		**21,790,496**	10,001,193

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

Unit: RMB thousand

	2018							
	Attributable to shareholders and other equity holders of the Parent Company							
Item	Share capita	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	–	(I)(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	

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

Unit: RMB thousand

Item	Note	2017 Attributable to shareholders and other equity holders of the Parent Company Share capita	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity
I. Balance at 31 December 2017		2,978,577	2,049,035	3,126,585	357,341	3,279,379	17,495,053	9,848,822	39,134,792
Changes in accounting policies		–	–	–	–	–	–	–	–
II. Balance at 1 January 2018		2,978,577	2,049,035	3,126,585	357,341	3,279,379	17,495,053	9,848,822	39,134,792
III. Movements for the year									
(I) Total comprehensive income									
1. Net profit		–	87,808	–	–	–	2,421,434	649,173	3,158,415
2. Other comprehensive income		–	–	–	(138,038)	–	–	(57,760)	(195,798)
Sub-total of 1&2		–	87,808	–	(138,038)	–	2,421,434	591,413	2,962,617
(II) Capital contributions and withdrawal by owners									
1. Increase in capital resulting from the exercise of share options by the Company		4,312	–	43,746	–	–	–	–	48,058
2. Contributions by minority shareholders		–	–	1,001,904	–	–	–	985,173	1,987,077
3. Increase in minority interests resulting from acquisition or establishment of subsidiaries		–	–	–	–	–	–	91,931	91,931
4. Decrease in capital surplus resulting from acquisition of minority interests of subsidiaries		–	–	(280,185)	–	–	–	(212,453)	(492,638)
5. Disposal of subsidiaries (without loss of control)		–	–	4,869	–	–	–	7,131	12,000
6. Disposal of subsidiaries (loss of control)		–	–	–	–	–	–	75,746	75,746
7. Increase in capital resulting from the exercise of share options by subsidiaries		–	–	(799)	–	–	–	17,273	16,474
8. Increase in shareholders' equity resulting from share-based payments		–	–	10,789	–	–	–	5,535	16,324
9. Reversal of the buyback options granted to minority shareholders		–	–	300,000	–	–	–	–	300,000
10. Issuance of other equity instruments		–	–	–	–	–	–	–	–
11. Redemption of other equity instruments		–	–	–	–	–	–	–	–
12. Others		–	–	2,754	–	–	–	–	2,754
(III) Profit distribution									
1. Appropriation to surplus reserve		–	–	–	–	2,156	(2,156)	–	–
2. Profit distribution to shareholders		–	–	–	–	–	(179,837)	(634,064)	(813,901)
3. Interest paid on other equity instruments		–	(103,800)	–	–	–	–	–	(103,800)
IV. Balance at 31 December 2018		2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,776,507	43,237,434

8.5.8

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.

Since the new Hong Kong Companies Ordinance took effect on 3 March 2014, 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 2018 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 2018 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 comprehensie Group759notriod attrofutable to the Companminori5( )]TJ4.025 Tc0.025 Tw T

(1) Notes receivable

	31 December 2018	31 December 2017
Bank acceptance notes	**1,237,458**	1,241,308
Trade acceptance notes	**186,089**	135,556
Less: Provision for bad debts	**–**	–
Total	**1,423,547**	1,376,864

As at 31 December 2018 and 31 December 2017, the Group expected that the notes receivable could be fully recovered, therefore, no provision for bad debts has been made.

Among the above balances, there were no notes receivable from shareholder holding more than 5% (including 5%) of the voting shares of the Company.

The above notes receivable were due within one year.

(a) *As at 31 December 2018, the pledged notes receivable stated in notes receivable and accounts receivable of the Group were as follows:*

	31 December 2018
Bank acceptance notes	**82,963**

(b) As at 31 December 2018 and 31 December 2017, the Group has no notes reclassified to accounts receivable due to inability of the issuers to perform obligation.

(2) Accounts receivable

Accounts receivable were analyzed by customer category as follows:

	31 December 2018	31 December 2017
Containers	**6,852,841**	6,761,566
Road transportation vehicles	**2,713,628**	2,265,036
Energy, chemical and liquid food equipment	**3,356,733**	3,346,180
Offshore engineering	**495,519**	699,837
Airport facilities equipment	**1,848,944**	1,334,724
Logistics services	**1,326,322**	1,287,373
Heavy trucks	**1,060,341**	772,761
Others	**1,105,053**	686,426
Sub-total	**18,759,381**	17,153,903
Less: Provision for bad debts	**(863,462)**	(757,177)
Total	**17,895,919**	16,396,726

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

	31 December 2018	31 December 2017
Within 1 year (inclusive)	**16,161,762**	15,136,840
1 to 2 years (inclusive)	**997,255**	1,045,390
2 to 3 years (inclusive)	**868,445**	796,015
Over 3 years	**731,919**	175,658
Sub-total	**18,759,381**	17,153,903
Less: Provision for bad debts	**(863,462)**	(757,177)
Total	**17,895,919**	16,396,726

(b) As at 31 December 2018, the 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	4,820,926	–	25.70%

As at 31 December 2017,377.4034 1 amount of the top five accounts receivable balthe topGroupount ofon 3 yJ0.0

(3) Bad debt provision

	31 December 2018	31 December 2017
Bad debt provision for notes receivable	**–**	–
Bad debt provision for accounts receivable	**863,462**	757,177
	863,462	757,177

(a) As at 31 December 2018, the analysis of notes receivable and accounts receivable with bad debt provision made on a single basis was as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reasons thereof
Bank acceptance notes receivable	1,237,458	–	–	
Trade acceptance notes receivable	186,089	–	–	
Containers	3,558,980	0.66%	23,408	Recognition of provision for losses according to lifetime expected credit losses
Road transportation vehicles	734,454	9.69%	71,144	
Energy, chemical and liquid food equipment	318,877	33.18%	105,808	
Offshore engineering	471,389	0.25%	1,186	
Airport facilities equipment	58,627	2.41%	1,414	
Logistics services	115,254	2.74%	3,158	
Heavy trucks	610,229	12.32%	75,194	
Others	969,312	2.05%	19,825	
	8,260,669		301,137	

(b) As at 31 December 2018, the analysis of notes receivable and accounts receivable with bad debt provision made on a collective basis was as follows:

Portfolio-Bank acceptance notes:

As at 31 December 2018, the Group did not measure the bad debt provision according to the lifetime ECL. The Group believed that the bank acceptance notes s held by it do not have significant credit risk and will not result in significant losses due to bank defaults.

Portfolio-Containers:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	2,965,562	1.92%	56,832
No more than 1 month overdue	19,558	2.03%	397
1 to 3 months overdue	93,135	2.86%	2,663
3 to 12 months overdue	144,896	7.16%	10,378
1 to 2 years overdue	5,848	8.69%	508
2 to 3 years overdue	20,846	95.00%	19,804
More than 3 years overdue	44,016	100.00%	44,016
	3,293,861		134,598

Portfolio-Road transportation vehicles:

	31 December 2018		
	Book balance	**Provision for bad debts**	
		Lifetime	
	Amount	**ECL rate**	**Amount**
Not overdue	925,845	–	–
No more than 1 month overdue	814,206	0.47%	3,825
1 to 3 months overdue	81,093	3.32%	2,689
3 to 12 months overdue	86,100	3.32%	2,855
1 to 2 years overdue	19,453	32.01%	6,226
2 to 3 years overdue	32,856	96.14%	31,588
More than 3 years overdue	19,621	99.38%	19,499

Portfolio- Airport facilities equipment:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	585,610	–	–
Within 1 month overdue	609	–	–
1 to 3 months overdue	36,200	–	–
3 to 12 months overdue	1,032,773	5.96%	61,576
1 to 2 years overdue	63,655	23.00%	14,641
2 to 3 years overdue	27,959	50.00%	13,980
More than 3 years overdue	43,511	63.00%	27,412
	1,790,317		117,609

Portfolio- Heavy trucks:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	324,894	–	–
Within 1 month overdue	–	–	–
1 to 3 months overdue	2,026	–	–
3 to 12 months overdue	35,449	23.92%	8,480
1 to 2 years overdue	11,692	31.63%	3,698
2 to 3 years overdue	11,625	26.25%	3,051
More than 3 years overdue	64,426	51.07%	32,903
	450,112		48,132

Portfolio- Logistics services:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	1,000,650	–	–
Within 1 month overdue	84,164	2.00%	1,684
1 to 3 months overdue	35,958	2.82%	1,014
3 to 12 months overdue	53,622	3.34%	1,791
1 to 2 years overdue	17,974	15.82%	2,843
2 to 3 years overdue	13,256	100.00%	13,256
More than 3 years overdue	5,444	100.00%	5,444
	1,211,068		26,032

Portfolio- Others:

	31 December 2018		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	62,060	–	–
Within 1 month overdue	19,070	21.06%	4,016
1 to 3 months overdue	729	–	–
3 to 12 months overdue	52,034	5.40%	2,808
1 to 2 years overdue	1,839	–	–
2 to 3 years overdue	9	–	–
More than 3 years overdue	–	–	–
	135,741		6,824

(c) The provision for bad debts for the year was RMB161,196,000 (2017: RMB229,452,000), of which the amount of bad debts recovered or reversed was RMB62,650,000 (2017: RMB89,260,000).

(d) The book balance of accounts receivable actually written off during the year was RMB77,013,000 (2017: RMB465,000), and the amount of bad debt provision was RMB77,013,000 (2017: RMB465,000).

5. NOTES PAYABLE AND ACCOUNTS PAYABLE

Notes Payable and Accounts Payable

	31 December 2018	31 December 2017
Notes payable (a)	**1,889,785**	1,785,456
Accounts payable (b)	**13,210,828**	12,216,311
	15,100,613	14,001,767

(a) Notes payable

	31 December 2018	31 December 2017
Bank acceptance notes	**1,572,287**	1,331,106
Trade acceptance notes	**317,498**	454,350
Total	**1,889,785**	1,785,456

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

(b) Accounts payable

	31 December 2018	31 December 2017
Due to raw materials suppliers	**10,758,110**	10,124,956
Due to integrated logistics service providers	**598,652**	559,737
Due to engineering contractors	**797,069**	341,552
Due to engineering suppliers	**227,014**	387,357
Due to equipment suppliers	**627,542**	579,407
Transportation fees	**98,615**	81,816
Processing fees	**31,264**	43,661
Others	**72,562**	97,825
Total	**13,210,828**	12,216,311

The ageing of accounts payable was analysed based on record dates as follows:

	31 December 2018	31 December 2017
Within 1 year (inclusive)	**12,532,684**	11,538,059
1 to 2 years (inclusive)	**413,234**	313,282
2 to 3 years (inclusive)	**60,703**	157,749
Over 3 years	**204,207**	207,221
Total	**13,210,828**	12,216,311

As at 31 December 2018, accounts payable over 1 year amounted to RMB678,144,000 (31 December 2017: RMB678,252,000), which are mainly payables related to offshore engineering business and energy and chemical business. Since the construction period of the offshore engineering project and the production cycle of the energy and chemical project is usually more than one year, the payables have not yet been settled.

Among the above balances of accounts payable at the year-end, there were no amounts due to shareholder holding more than 5% (including 5%) of the voting shares of the Company.

6. UNDISTRIBUTED PROFITS

Unit: RMB thousand

	Note	2018	2017
Undistributed profits at the beginning of the year		**19,734,494**	17,495,053
Changes in accounting policies		**(146,737)**	–
Undistributed profits at the beginning of the year		**19,587,757**	17,495,053
Add: Net profit attributable to shareholders and other equity holders of the Parent Company for the current year		**3,380,436**	2,509,242
Less: Effect of issue of perpetual bonds by the Company		**(77,841)**	(87,808)
Less: Appropriation to surplus reserve		**(1,050)**	(2,156)
Less: Ordinary share dividends payable	*(1)*	**(806,533)**	(179,837)
Undistributed profits at the end of the year		**22,082,769**	19,734,494

(1) Dividends of ordinary shares declared during the year

Unit: RMB thousand

	2018	2017
Dividends proposed but not declared at the end of the year	**–**	–
Total proposed dividends in the year	**806,533**	179,837

In accordance with the approval at the shareholders' general meeting held on 8 June 2018, the Company paid a cash dividend in the amount of RMB0.27 per share (2017: RMB0.06 per share) to the ordinary shareholders on 20 July 2018, amounting to RMB806,533,000 (2017: RMB179,837,000).

7. REVENUE AND COST OF SALES

Unit: RMB thousand

	2018	2017
Revenue from principal operations	**91,482,249**	74,527,712
Revenue from other operations	**2,015,373**	1,772,218
Total	**93,497,622**	76,299,930
Cost of sales from principal operations	**78,710,264**	61,592,397
Cost of sales from other operations	**876,144**	700,318
Total	**79,586,408**	62,292,715

8. ASSET IMPAIRMENT LOSSES

Unit: RMB thousand

	2018	2017
Loss from impairment of construction in progress	**991,878**	–
Loss from diminution in value of inventories and loss from impairment of contract performance cost	**981,380**	173,932
Loss from impairment of goodwill	**210,657**	38,000
Loss from impairment of fixed assets	**199,186**	20,252
Loss from impairment of intangible assets	**38,640**	–
Loss from impairment of long-term equity investments	**2,608**	–
Loss from bad debts of advances	**1,275**	56,724
Loss from bad debts of accounts receivable	**–**	140,192
Loss from bad debts of other receivables	**–**	118,582
Loss from bad debts of long-term receivables (including current portion of non-current assets)	**–**	123,659
Total	**2,425,624**	671,341

9. GAIN ON DISPOSAL OF ASSETS

	2018	2017	Amount included in extraordinary gains or losses for the year of 2018
Gain on disposal of fixed assets	**114,381**	196,786	114,381
Loss on disposal of fixed assets	**(11,313)**	(95,995)	(11,313)
Gain on disposal of intangible assets	**5,138,843**	14,838	1,297,683
Loss on disposal of intangible assets	**–**	(2,295)	–
Total	**5,241,911**	113,334	1,400,751

The gain on disposal of assets included:

(1) Gain of RMB3,841.16 million from Qianhai land contracts: On 9 October 2017, Southern CIMC entered into the Land Preparation Framework Agreement with the Shenzhen UPLRCS and the Qianhai Authority in respect of the land preparation issues of the land parcels of T102-0152, T102-0153 and T102-0154 located at Qianhai, Shenzhen, (the "**Three Land Parcels**") with a site area of 524,000,000 sq.m. in aggregate. The Framework Agreement was entered into after mutual negotiation on the principles of respecting history, complying with arrangements, setting aside controversies, sharing interests and win-win development. On 19 February 2019, to further supplement on the relevant provisions in the Land Preparation Framework Agreement, Southern CIMC and Qianhai Authority entered into the fourth supplemental agreement to the Shenzhen Land Use Right Granting Contract (Shen Di He Zi (2006) No. 0193) (the "**Supplemental Agreement**"), and, at the same time, discharged the Original Contracts on land parcel T102-0152 and ceased to perform the rights and obligations as stipulated therein; and on 27 February 2019, the Qianhai CIMC City and Qianhai CIMC Cloud, the wholly-owned subsidiaries of the Company, have entered into the Shenzhen Land Use Right Granting Contract (Shen Qian Hai Di He Zi (2018) No. 0010) and the Shenzhen Land Use Right Granting Contract (Shen Qian Hai Di He Zi (2019) No. 0001) with the Qianhai Authority in respect of land parcels T102-0289 with a site area of approximately 19,611.15 sq.m. and T102-0290 with a site area of approximately 18,058.26 sq.m. of the Phase I Land (hereinafter collectively referred to as the "**Granting Contracts**". The Granting Contracts and the Supplemental Agreement are hereinafter collectively referred to as the "**Agreement**"), respectively. The carry amount of land parcel T102-0152 discharged by the Supplemental Agreement was RMB30.32 million, and the estimated value of land parcels T102-0289 and T102-0290 in the Agreement was RMB3,871.48 million, resulting a gain of RMB3,841.16 million and a profit after tax of RMB2,880.87 million. For specific details, please refer to the relevant announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the website of the Company (www.cimc.com), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 9 October 2017 and 28 February 2019. The Company will perform the corresponding approval procedures and information disclosure obligations for the follow-up matters involved in the Land Preparation Framework Agreement.

(2) In September 2018, the Group and its subsidiaries, Qingdao CIMC Reefer Container Manufacture Co., Ltd. and Qingdao CIMC Special Reefer Co., Ltd. recognized an income of RMB1,369.117 million for land and buildings, equipment, auxiliary facilities and demolition compensation. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-087), as well as the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 2 October 2018.

10. INCOME TAX EXPENSES

Unit: RMB thousand

	2018	2017
Current income tax calculated based on tax law and related regulations	**1,648,740**	1,266,361
Deferred income tax	**966,363**	(15,535)
Total	**2,615,103**	1,250,826

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

	2018	2017
Total profit	**6,683,558**	4,409,241
Income tax calculated at applicable tax rates	**2,011,351**	974,772
Effect of tax incentive	**(107,526)**	(148,887)
Expenses not deductible for tax purposes	**168,497**	135,909
Income not subject to tax	**(216,090)**	(37,101)
Deductible losses of utilisation of previously unrecognised deferred tax assets	**(107,395)**	(128,878)
Deductible losses for which no deferred tax assets were recognised	**768,224**	464,203
Deductible temporary differences for which no deferred tax assets were recognised	**93,846**	75,039
Deductible temporary differences of utilisation of previously unrecognised deferred tax	**(35,456)**	(27,358)
Effect of tax rate change on deferred tax	**23,499**	(32,540)
Tax refund for income tax annual filing	**16,153**	(24,333)
Income tax expense	**2,615,103**	1,250,826

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

	2018	2017
The Company	**25%**	25%
Subsidiaries registered in China	**15-25%**	15-25%
Subsidiaries registered in Hong Kong	**16.5-25%**	16.5-25%
Subsidiaries registered in the British Virgin Islands	**–**	–
Subsidiary registered in US	**15-25%**	15-36.65%
Subsidiary registered in Germany	**15.83-31.6%**	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	**34%**	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	**22%**	22%
Subsidiary registered in the Cayman Islands	**–**	–
Subsidiary registered in Malaysia	**24%**	24%
Subsidiary registered in Luxembourg	**27.08%**	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:

	2018	2017
Consolidated net profit attributable to ordinary shareholders and other equity holders of the Company	**3,380,436**	2,509,242
Effect of issue of perpetual bonds by the Company	**(77,841)**	(87,808)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**3,302,595**	2,421,434
Weighted average number of ordinary shares outstanding ('000)	**2,984,672**	2,980,056
Basic earnings per share (RMB per share)	**1.11**	0.81
Including: Going concern basic earnings per share	**1.11**	0.81

(2)

Note020180

3,380,4360(77,8412)(1,1412)(5,4842)

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

Unit: RMB thousand

Item	Containers 2018	Road transportation vehicles 2018	Energy, chemistry and liquid food equipment 2018	Offshore engineering 2018	Airport facilities equipment 2018	Logistics services 2018	Finance 2018	Property development 2018	Heavy trucks 2018	Others 2018	Inter-segment elimination 2018	Total 2018
External revenue	31,164,394	24,142,946	14,065,905	1,631,760	4,670,212	8,585,513	2,085,170	2,888,302	2,351,978	1,911,442	–	93,497,622
Inter-segment revenue	371,827	256,772	96,895	801,838	935	42,749	7,214	4,903	135,688	2,320,047	(4,038,868)	–
Cost of sales from principal operations	28,134,193	20,868,516	11,316,428	2,547,251	3,699,530	7,882,680	1,232,258	1,519,215	2,304,291	3,909,622	(4,703,720)	78,710,264
Investment (loss)/income in associates and joint ventures	(145)	2,295	(94)	–	1,621	31,670	579	93,696	29,529	7,264	795,102,264Tw -0.1Assets impairJ/Sp/4	

Segment information as at and for the year ended 31 December 2017 is as follows:

Unit: RMB thousand

Item	Containers 2017	Road transportation vehicles 2017	Energy, chemistry and liquid food equipment 2017	Offshore engineering 2017	Airport facilities equipment 2017	Logistics services 2017	Finance 2017	Property development 2017	Heavy trucks 2017	Others 2017	Inter-segment elimination 2017	Total 2017
External revenue	24,936,966	19,312,933	11,649,409	1,241,605	3,592,934	8,128,290	2,339,934	986,797	2,516,229	1,594,833	–	76,299,930
Inter-segment revenue	109,731	207,731	196,791	1,243,812	3,577	67,162	707	19,995	49,516	1,524,504	(3,423,526)	–
Cost of sales from principal operations	20,772,143	15,729,623	9,496,115	2,451,403	2,793,427	7,387,048	896,360	584,561	2,413,675	2,908,088	(3,840,046)	61,592,397
Investment income/(losses) in associates and joint ventures	(35)	(2,288)	(245)	–	(20,311)	9,829	15,137	7,206	16,999	4,383	–	30,675
Assets impairment losses	72,745	67,903	203,540	5,791	6,184	101,661	137,986	227	51,284	14,987	9,033	671,341
Depreciation and amortisation expenses	411,797	281,480	365,621	380,121	118,893	133,386	185,698	12,428	138,231	315,691	–	2,343,346
Interest income	151,663	73,596	30,516	73,997	3,434	15,436	237,002	33,026	3,198	1,397,614	(1,792,221)	227,261
Interest expenses	79,327	112,037	73,076	563,434	15,456	29,516	167,504	14,808	77,934	1,432,152	(1,416,618)	1,148,626
Total profit/(losses)	1,887,439	1,267,192	635,258	(1,025,964)	180,226	120,973	1,211,520	241,520	(156,043)	(439,765)	486,885	4,409,241
Income tax expenses	424,337	249,006	161,757	13,391	33,842	34,549	219,327	49,157	(29,017)	143,996	(49,519)	1,250,826
Net profit/(losses)	1,463,102	1,018,186	473,501	(1,039,355)	146,384	86,424	992,193	192,363	(127,026)	(583,761)	536,404	3,158,415
Total assets	21,099,309	16,093,412	14,718,417	32,556,965	4,260,043	4,723,994	37,149,558	4,612,197	4,129,455	34,494,325	(43,233,296)	130,604,379
Total liabilities	11,927,403	9,025,093	9,846,112	30,716,009	2,608,742	2,600,331	29,418,426	1,989,036	3,822,070	39,504,856	(54,091,133)	87,366,945
Other material non-cash items:												
– Other non-cash expenses/(income) other than depreciation and amortisation	390,181	136,365	222,803	(114,709)	19,639	113,445	137,159	(3,436)	51,951	(7,661)	(7,422)	938,315
– Long-term equity investments of associates and joint ventures	31,908	127,182	10,103	31,372	552,725	498,185	486,732	140,207	213,154	306,927	–	2,398,495
– Amount of additions to non-current assets other than long-term equity investment, financial assets and deferred tax assets	1,333,945	453,685	1,165,021	160,955	101,328	264,240	539,648	146,959	110,396	366,641	630,820	5,273,638

13. CONTINGENCIES

(1) Guarantees provided for external parties

Yantai CMIC Raffles Offshore Ltd., a subsidiary of the Group, provided the guarantee for the vessel leasing of its clients. As at 31 December 2018, the amount guaranteed by Raffles was approximately RMB163,146,000 (31 December 2017: RMB258,646,000).

CIMC Vehicles, a subsidiary of the Group, carried out vehicle buyer credit business and signed loan guarantee contracts with China Merchants 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 2018, the aggregate amount of credit facilities in respect of which the Group and its holding subsidiaries provided guarantees to the distributors and customers was RMB863,736,000 (31 December 2017: RMB808,421,000).

The Group's subsidiaries, Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park, 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 2018, the customer financing loans provided by the Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park was approximately RMB18,176,000 (31 December 2017: RMB11,850,000).

The Group's subsidiary, CIMC Skyspace Real Estate and its holding 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 RMB1,073,457,000 as at 31 December 2018 (31 December 2017: RMB627,323,000).

The Group's subsidiary, C&C Trucks and its holding subsidiaries, carried out vehicle buyer credit business and signed vehicle loan guarantee contract with external banks, providing credit guarantee to the relevant banks financing of the distributors and customers of C&C Trucks and its holding subsidiaries arising from purchase of vehicle products. As at 31 December 2018, the aggregate amount of credit facilities in respect of which C&C Trucks and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB572,427,000 (31 December 2017: RMB339,442,000).

(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 2018, the Group had no bills issued but not accounted for, and had outstanding letters of credit issued of RMB423,994,000 (31 December 2017: RMB278,433,000).

As at 31 December 2018, the Company had outstanding balance of guarantees issued for the subsidiaries of the Group of RMB84,045,000, USD164,898,000 (equivalent to RMB1,131,728,000) and Euro34,346,000 (equivalent to RMB269,523,000) respectively, totaling RMB1,485,296,000 (31 December 2017: RMB976,022,000).

As at 31 December 2018, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB107,531,000, of which the balance of the performance guarantee was RMB64,657,000, the balance of the quality guarantee was RMB3,114,000, the balance of customs guarantees was RMB6,000,000, the balance of advance payment guarantees was RMB33,700,000, and the balance of general customs guarantees was RMB60,000 (31 December 2017: RMB90,121,000).

As at 31 December 2018, the balance of outstanding guarantees of the Group's subsidiary Tianda Airport issued by the bank was RMB140,992,000, of which the balance of performance guarantee was RMB40,867,000, the balance of quality guarantees was RMB11,772,000, the balance of bid bonds was RMB147,000, the balance of advance guarantee was RMB68,856,000, the balance of other non-financing guarantees was RMB18,222,000, and the balance of advance refund guarantee was RMB1,128,000 (31 December 2017: RMB857,578,000).

As at 31 December 2018, the Group's subsidiary, Yantai CMIC Raffles had outstanding balance of guarantees issued by the bank was US$57,242,000 (equivalent to RMB392,863,000), of which the balance of the payment guarantee was US$31,956,000 (equivalent to RMB219,320,000), the balance of the performance guarantee was US$25,286,000 (equivalent to RMB173,543,000), and the balance of quality guarantee was nil (31 December 2017: RMB20,321,000).

As at 31 December 2018, Finance Company, the subsidiary of the Group, had outstanding balance of guarantees issued for the subsidiary of the Group of RMB5,587,000, of which the balance of performance guarantees was RMB1,685,000, the balance of quality guarantees was in the amount of RMB1,602,000, and the balance of the payment guarantee was RMB2,300,000 (31 December 2017: RMB7,559,000).

(3) Significant pending litigations

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 Offshore & Engineering Co., Ltd. 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 on accounts of the Group as at 31 December 2018.

14. COMMITMENTS

Capital commitments

Unit: RMB thousand

	2018	2017
Fixed assets purchase contracts entered into but not performed or performed partially	**179,560**	98,366
External investment contracts entered into but not performed or performed partially	**1,761,507**	10
Vessels manufactured for sales or lease	**69,516**	44,342
Total	**2,010,583**	142,718

15. NET CURRENT ASSETS

Unit: RMB thousand

	The Group	
	31 December 2018	31 December 2017
Current assets	**81,902,959**	59,001,923
Less: Current liabilities	**73,536,161**	51,421,759
Net current assets	**8,366,798**	7,580,164

	The Company	
	31 December 2018	31 December 2017
Current assets	**26,990,064**	19,488,158
Less: Current liabilities	**19,027,541**	6,583,057
Net current assets	**7,962,523**	12,905,101

16. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB thousand

	The Group	
	31 December 2018	31 December 2017
Total assets	**158,883,963**	130,604,379
Less: Current liabilities	**73,536,161**	51,421,759
Total assets less current liabilities	**85,347,802**	79,182,620

	The Company	
	31 December 2018	31 December 2017
Total assets	**39,506,154**	29,778,497
Less: Current liabilities	**19,027,541**	6,583,057
Total assets less current liabilities	**20,478,613**	23,195,440

17. EVENTS AFTER THE BALANCE SHEET DATE

1. Dividend distribution

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

As at 27 March 2019, the board of directors of the Company proposed to distribution cash dividends to all shareholders of RMB5.5 per 10 shares, no bonus shares will be issued, and additional 2 shares will be issued to all shareholders for every 10 shares being held by way of conversion of capital surplus, and the amount of shares calculated as of 31 December 2018 was approximately RMB1,641,744,000 (2017: RMB0.27 per share, a total of RMB805,380,000). This proposal is yet to be approved by the shareholders meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognized as liabilities at the balance sheet date.

2. Revision of accounting policy

The Ministry of Finance made amendments on "Accounting Standards for Enterprise 21 – Leases" on 2018. These amendments supplemented the definition of lease by adding contents of lease identification, split and consolidation of lease contract; cancelled the classification of a lessee's operating lease and financing lease, requiring confirmation of right-of-use assets and lease liabilities on all leases (except short-term leases and that of low value asset), and make provision for depreciation and interest expenses; improved lessee's subsequent measurement by adding accounting treatment methods under the scenarios of option revaluation and lease change. As required, the Group will apply the new lease standards from 1 January 2019.

After assessment by the management, the adoption of above lease standards from 1 January, 2019 is expected to the have the following major impacts on the leases in which the Group acts as a lessee: for the adoption of policy during the transition period, the Group will apply the second method permitted by the new lease standard and apply the simplified treatment, i.e. not to adjust the comparable period information, instead, only adjust the amount of related items in the financial statements at the beginning of 2019, which will not affect the Group ' s retained earnings and net assets at the beginning of 2019. In accordance with the above requirements, the Group recognises a right-of-use asset and a lease liability for all leases, other than the short-term leases and leases of low-value assets apply the simplified treatment, and recognize depreciation and interest expenses respectively on 1 January 2019.

3. Spin-off and listing of a subsidiary

On 9 August 2018, Proposal regarding the Proposed Overseas Listing of CIMC Vehicles (Group) Co., Ltd.was considered and approved at the 12th meeting of the eighth session of the Board in 2018. The Company intends to spin-off subsidiary CIMC Vehicles for its listing on the main board of the Hong Kong Stock Exchange. On 26 September 2018, this matter was considered and approved at the second 2018 extraordinary general meeting, the first 2018 A Shareholders' class meeting and the first 2018 H Shareholders' class meeting.

On 14 March 2019, CIMC Vehicles received Approval of Issuance of Overseas-listed Foreign Shares by CIMC Vehicles (Group) Co., Ltd.(Zhengjianxuke No.[2019]356)issued by CSRC, which approve CIMC Vehicles to newly issue no more than 383,801,955 overseas-listed foreign shares with nominal value of RMB1 per share, all being ordinary shares. After completion the issuance, CIMC Vehicles can be listed on the main board of the Hong Kong Stock Exchange. After CIMC Vehicles finished the issuance as approved, China International Marine Containers (Hong Kong) Limited, shareholder of CIMC Vehicles' holding of no more than 284,985,000 existing shares, Sumitomo Corporation's holding of no more than 13,935,000 existing shares(in aggregate no more than 298,920,000 existing shares) will be converted into overseas-listed foreign shares. In conformity with domestic and foreign related laws, regulations and rules, shares hold by above shareholders can be traded on the main board of the Hong Kong Stock Exchange.

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 2018.

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, A.2.7, A.6.7 and E.1.2. Particulars of the

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

12 AUDIT COMMITTEE

The Audit Committee has been formed by the Board of the Company pursuant to Appendix 14 of the Hong Kong Listing Rules, which comprises Mr. PAN Chengwei (chairman), Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert. The Audit Committee of the Company has reviewed and affirmed the annual results of the Group for the year 2018.

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

Hong Kong, 27 March 2019

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