2016

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In 2016,under the complicating global economic situation and the volatile financial market .

- In the weak global economy in 2015 continued in 2016, with the international trade and investment remaining in the doldrums.
- Since the second half of 2016, the economic activities enhanced in the U.S.. The U.S. dollars enteredinto the rate increase cycle. The economy in the Eurozone basically held stable. The economicgrowth of Japan improved somewhat.Affected by the weak external demand, U.S.dollars appreciation and other factors, the emerging markets and developing economies saw theireconomic growth further slow down.
- economic growth, under the to slow down and the downward pressure on the traditional manufacturing industry remained unchanged. Under the influence of policies including the structural reform of supply and the moderate expansion in aggregate social demand implemented by China, GDP growth remained at 6.7% during the year.

	FY2016	FY2015 Restated	Percentage change
Operating income thousand Yuan	51,111,652	58,685,804	(12.91%)
Operating cost thousand Yuan	800,538	3,039,854	(73.67%)
Net profit attributable to shareholders and other equity holders of the parent company thousand Yuan	539,660	2,026,613	(73.37%)
Basic earnings per share Yuan)	0.14	0.74	(81.08%)
Weighted average return on net assets	2%	8%	(6%)

- In 2016, the revenue amounted to RMB51.112 billion (2015:RMB58.686 billion(restated)), and its net attributable to shareholders and other equity holders of the parent company amounted to RMB540 million (2015: RMB2.027 billion (restated)), representing a year-on-year decrease of 73.37%. Its basic earnings per share was RMB0.14 (2015: RMB0.74 (restated)). representing a year-on-year decrease of 81.08%

Under the influence of market downturn,the container manufacturing industry and the offshore engineering business fell sharply throughout the year of 2016.

The road transportation vehicle business alone with the airport facilities equipment business and the financial business achieved a rather rapid growth.

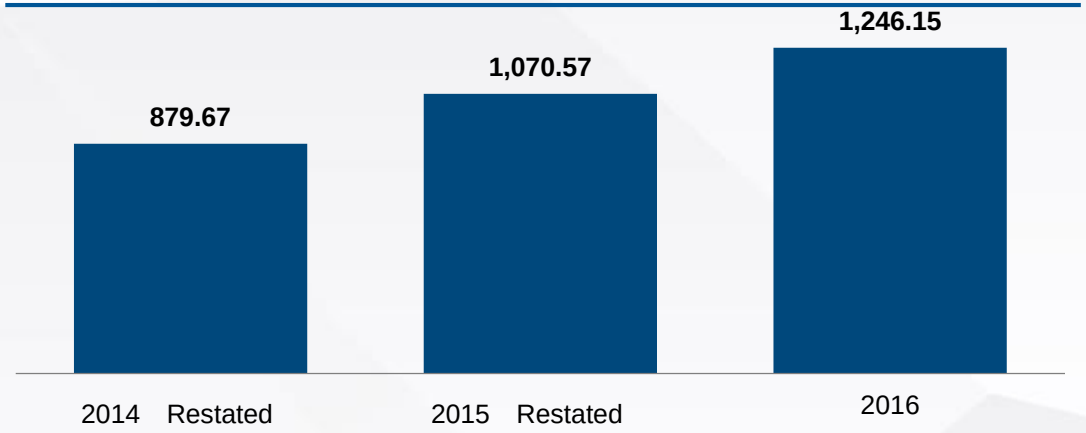
The energy, chemical and liquid food equipment business remained basically stable, but recorded substantial losses due to the significant provision provided for the termination of the acquisition of SOE.

The logistics service business remained basically stable; improvement on the heavy truck business continued; revenues from the real estate business declined due to the areas available for sales decreased.

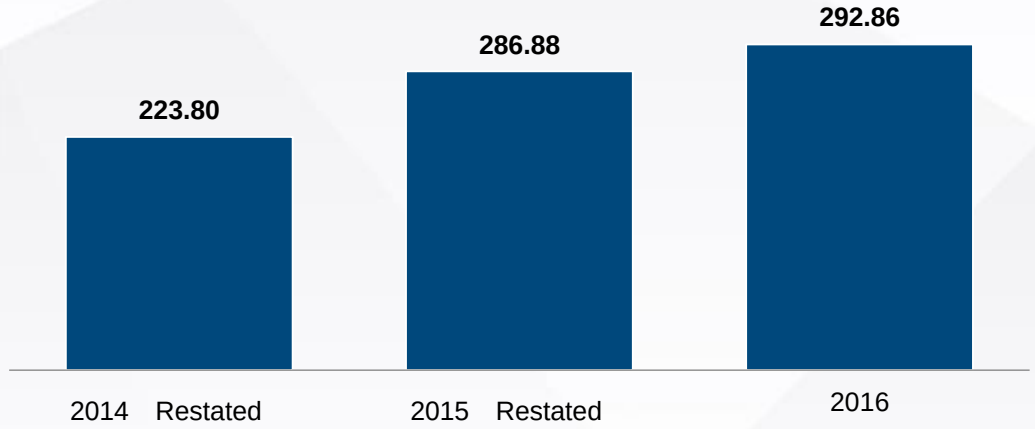
1 -Financial Overview

In the economic cycle fluctuations, the company continued to strengthen business diversification, to stabilize the cycle fluctuations, to achieve the steady growth of asset size.

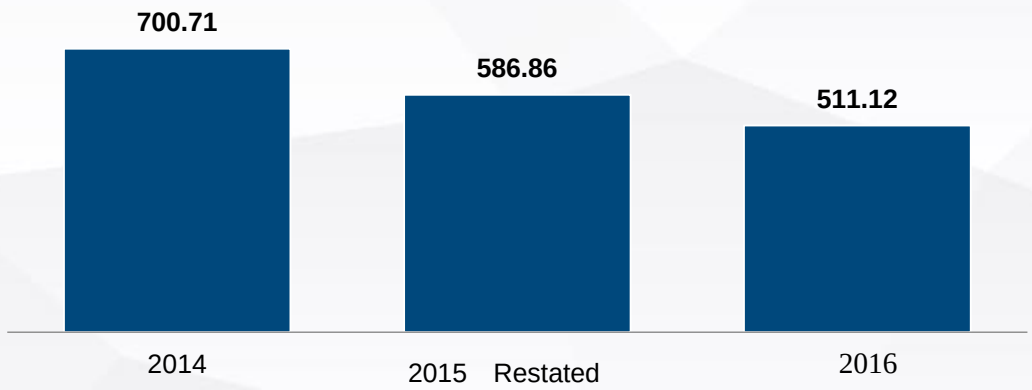
Total assets 100 million



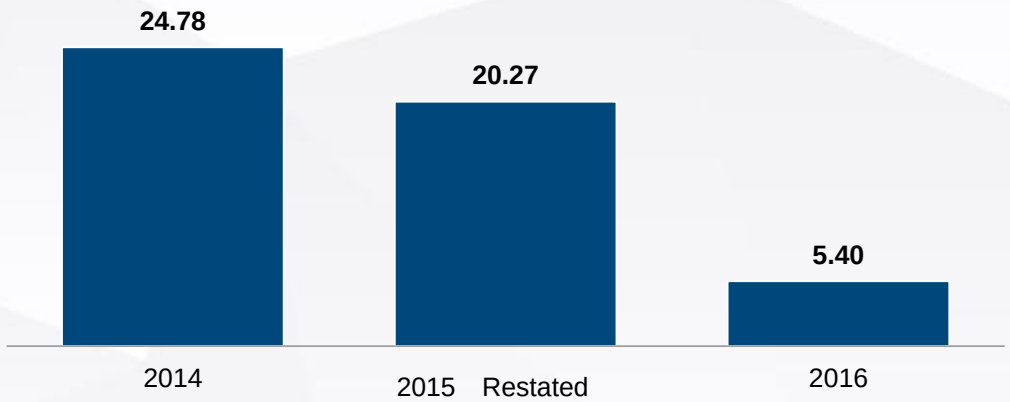
Net assets attributable to shareholders and other equity holders of the parent company 100 million



Operating income 100 million



Net profit attributable to shareholders and other equity holders of the parent company 100 million



1 -Financial Overview

Untill December 31st thousand Yuan	FY2016	FY2015 Restated	Increase/ Decrease
Total assets	124,614,748	107,057,065	16.40%
Total liabilities	85,479,956	71,336,150	19.83%
Short-term loan	15,729,787	17,909,024	(12.17%
Long term loan	27,023,222	23,684,838	14.10%
Equity attributable to shareholders and other equity holders of the parent company	29,285,970	28,687,635	2.09%
Total equity attributable to shareholders	39,134,792	35,720,915	9.56%
Asset-liability ratio	68.60%	66.63%	1.97%

Untill December 31st thousand Yuan	FY2016	FY2015	Increase/ Decrease
Net cash flows from operating activities	2,341,619	(3,610,223)	164.8%
Net cash flows from investing activities	(6,854,655)	(12,584,781)	45.53%
Net cash flows from financing activities	7,511,046	16,505,663	(54.49%)

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Business operating situation

- ✓ The container production base relocation project of the Group in Dongguan Fenggang and Qingdao cold chain industry park relocation project was in good progress, relocation of the production lines for reefer containers and special reefer containers has already been completed and the new production lines have been put into operation as planned.
- ✓ The Group completed technology transformation for the sorth China of the container production lines in regard to the application of waterbased paint during the production off-season.
- ✓ In December 2016, Shanghai CIMC Reefer Containers Co., Ltd.,a holding subsidiary of the Group, entered into a compensation agreement with Shanghai Baoshan Land Reserve Centre in respect of land, the buildings, the equipment and auxiliary facilities thereon with a site area of 290.55 mu.

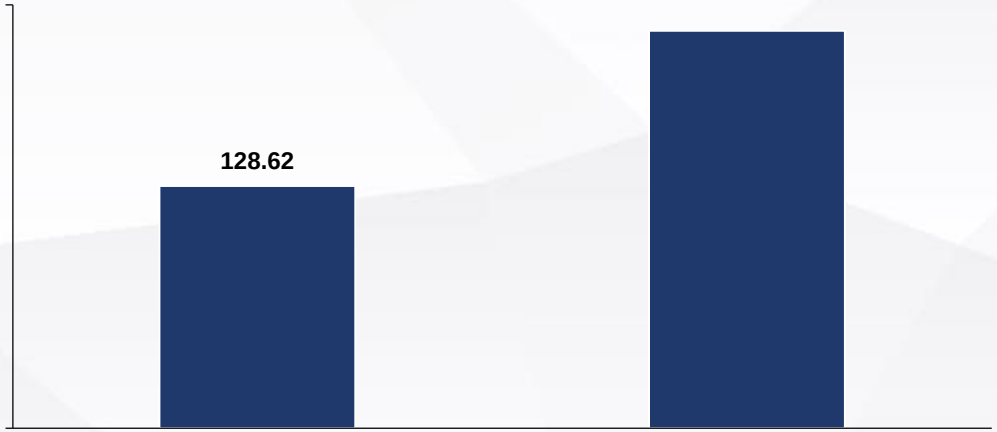
Industry Development Trend and Prospect

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

Business operating situation

- In 2016, the road transportation vehicle business realised an all-round growth. During the year, the total sales were 123,100 units (sets) (2015: 113,900 units (sets)), representing a year-on-year increase of 8.08%. The sales revenue was RMB14.695 billion (2015: RMB12.862 billion), representing a year-on-year increase of 14.25%. The net profit was RMB767 million (2015: RMB572 million), representing a year-on-year increase of 33.97%.

- During the Reporting Period, the growth of the road transportation vehicle business of the Group in North America, Europe and China was outstanding, while the emerging markets, affected by factors such as global commodity prices and exchange rates, recorded a business decline.



- Road Transportation Vehicle Business

Business operating situation

➢ The road transportation vehicle business of CIMC Vehicle (Group)Co., Ltd. made targeted deployments according to the trend of changes of its major markets and continued to promote the global operation management steadily. While strengthening its existing business, it focused on exploring the incremental business and the innovation business and makinginvestments in terms of technological upgrading and marketing network construction.

■ Domestic market

✓ Stimulat the enterprise vitality, grasped the hotspots and opportunities in market segments in time and enlarged marketing strength and scope.

✓ Affected by the implementation of the amendment to GB1589 and the state ' s strict governance against overloading, the logistics semi-trailers of the Group achieved a considerable year-on-year growth in sales volume in 2016, among which, the sales volume of tank trucks increased by nearly 90% as compared with the same period of 2015.

Industry Development Trend and Prospect

■ In 2017, it is expected that the overall economy of the United States will be buoyant while the semi-trailer industry in the United States will begin to experience periodical downturn. The economic recovery of the European Union is relatively weak. The external environment faced with by emerging markets shows improvement.

■ The downturn pressure of macro-economy increases and the real estate industry remain

■ At the same time, the implementation of policy measures, which include advancing the management of serious speeding, overcrowding as well as over-limit and overloading during road traffic, regulating conformity of production, the change of environmental protection marks for vehicles from yellow to green, urban environmental governance and improvement of emission standards for vehicles and so on, will accelerate industrial transformation and upgrade as well as product replacement and upgrade.

■ Overseas markets

✓ North American market the Group capitalised on the market opportunities arising from the U.S. economic recovery, and successfully put the CIMC Vanguard factory into production, increasing the annual production capacity by nearly 10,000 units, as a result, net profit recorded a significant growth of over 50% in 2016;

✓ European market The Group finished the acquisition of 100% equity of Retlan Manufacturing Ltd. which was a leader in Britain trailer market, and the Group officially put its factory in Poland into operation. It will keep on deploying on an ongoing basis to enhance the growth momentum in the future;

✓ Emerging markets under the influence of the recession in global economy and the commodity market, the political instability and some other factors, the business saw a decline in 2016. In the future, the emphasis will be put on the operation of overseas presence of emerging markets and the global exploration for business cooperation opportunities with new partners, in an effort to develop diversified marketing channels and provide the market with high-quality CIMC Vehicle products and services, laying a solid foundation for market recovery.

■ Global Operations Management:

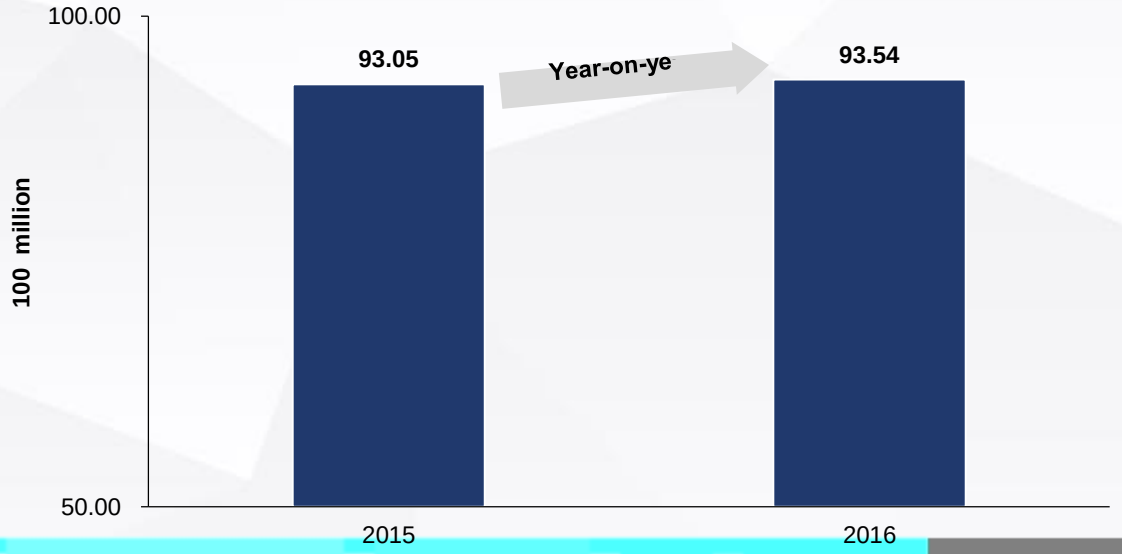
✓ The advanced components and parts manufacturing base, a factory under the project of CIMC Vehicle (Group) Co., Ltd. in Dongguan, Guangdong province, was put into production smoothly, which comprehensively accelerated business processoptimisation and numeral-oriented upgrade, increasing the global competitiveness.

Industry background

- In 2016, as the oil price in the international market began to rise after it reached rock bottom, using natural gas as an alternative fuel to replace oil regained its attraction, the scale of costal exported nature gas was expanded and market demand for natural gas storage and transportation equipment gradually increased.the energy, chemical and liquid food equipment business recorded a year-on-year decrease in its revenue.
- Affected by the termination of the acquisition of SinoPacific Offshore & Engineering Co., Ltd and the significant provision made by CIMC Enric for such termination, the net profit of the energy, chemical and liquid food equipment business of the Group recorded a significant loss during the Reporting Period.

Business operating situation

- The energy, chemical and liquid food equipment business of the Group recorded revenue of RMB9,354 million, representing a year-on-year increase of 0.52%. The net loss was RMB893 million, representing a year-on-year decrease of 287.97%.
- The revenue from the energy equipment business under the three main business segments of CIMC Enric was RMB3,241 million, representing a year-on-year decrease of 4.59%; the revenue from the chemical equipment business was RMB2,472 million, representing a year-on-year decrease of 8.78%; and the revenue from the liquid food equipment business was RMB2,255 million, representing a year-on-year decrease of 5.62%.



Business operating situation

■

- Actively explore new business, and conduct a number of successful R & D projects during the year, research and development a series of Key equipment, Such as the first international CNG transport ship and supporting mother-son station Nuclear fuel transport and systems. Some newly developed products have been launched.
- In addition, also committed to the continuous innovation of products and overseas market layout.

■ **The chemical equipment business segment**

- Carried out all kinds of R&D projects during the year, such as successful R&D of 40-feet new international LNG tank containers of high performance and 20-feet internationally applied cryogenic tank containers, conducted the pilot R&D project of water-land LNG tank containers transport, and established security standards system of water-land LNG tank containers transport.
- Additionally, strived in developing internet of things in tank containers, providing the relevant surveillance and management platforms and service-integrated overall solutions for chemical logistics chain.

■

- CIMC Enric completed the acquisition of the entire equity interests in Briggs Group Limited UK, strengthened the ability of engineering services and systemic solutions for the liquid food industry, developing toward vertically integrated EPC and horizontal diversification .

Industry Development Prospects and Outlook

■

National Energy Administration of China sets out the target of natural gas consumption accounting for 10% of primary energy consumption in 2020 (2015: 5.9%).

■ The Natural Gas Development Report of China (2016) jointly issued by the Oil and Gas Bureau of the National Energy Administration, Resources and Environment Research Institution of Development and Research Center of the State Council and Strategic Research Center of Oil and Gas Resources of the Ministry of Land and Resources, summaries a series of policies for promoting the use of natural gas

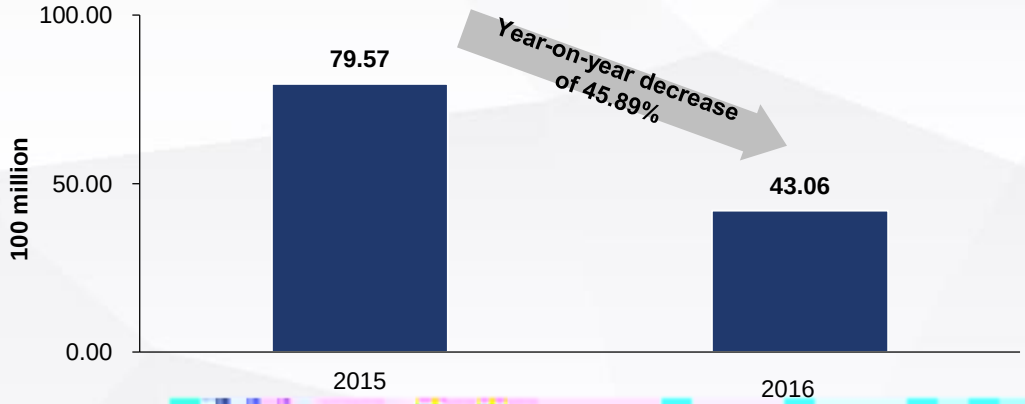
■ In the 2017 Government Work Report, first advocated to use clean energy vehicles. The energy, chemical and liquid food equipment business of the Group is positioned for more favourable policy environment, promising for sound prospects in the long run although subject to short-term periodical fluctuations in the industry.

2016 Industry Background

- Impacted by the continuous low oil price, the investment of global oil and gas exploration and development in 2016 further deceased nearly 30% as compared to 2015. Since the significant decline in international oil price in 2014, oil companies cut the budgets, demand for various kinds of offshore engineering equipments has been deceasing, the global offshore engineering equipment industry has entered into a period of the most severe recession ever since more than ten year ago.
- Currently, the utilisation of global drilling equipment is lower than 50%, daily rentals of global drilling equipment remains at a level just covering or even lower than operation cost. International oilfield service companies and drilling equipment constructors suffered losses, causing continuous emergence of mergers and acquisition and integration among drilling equipment companies. In 2016, the price of the international crude oil bounced back gradually from its bottom low at the beginning of the year, and reached over USD50/barrel at the end of the year. Representing the offshore engineering equipment market has basically bottomed and the industry is seeing off its worst time.

2016 Operation situation

- The offshore engineering business of the Group recorded sales revenue of RMB4,306 million, representing a year-on-year decrease of 45.89%; net loss of RMB213million, representing a significant year-on-year increase.



Industry Policy

- ✓ In 2015, the in China 2025 of the State Council of China designated the offshore engineering equipment industry as one of the ten areas with key development
- ✓ In June 2016, under the leadership and sponsorship of NDRC, Ministry of Finance and Ministry of Industry and Information Technology, China Advanced Manufacturing Industry Investment Fund Manufacturing Industry Investment was established, focusing on investing in major projects in respect of advanced manufacturing industries, upgrade of traditional industries and deployment of industries
- ✓ In January 2017, five departments including the Ministry of Industry and Information Technology of China jointly issued Industry Deepening Structural Adjustment and Accelerating Transformation and Upgrade Action Plan (2016-2020 which further specified the key task, development target and relevant supporting measures of the offshore engineering equipment industry of China in the 13th Five .

2016 Operation situation

- By the end of 2016, the total contract amounts of CIMC orders in hand approached approximately USD4 billion, the business scope expanded from the traditional oil and gas business to new areas including deep sea fishery, deep sea tourism and platform disassembly and modification.

As for platform construction and delivery

- in March 2016, the test platform 162 commenced construction; in April, completed the 5-year special inspection for two semi-submersible drilling platforms of Gazprom; in the same month , H293 jack-up drilling platform was granted with the ABS certificate; in July , H270 GM4D 1# semisubmersible drilling platform was granted with certificate; in December, CIMC Blue Whale No.1 was certified by Det Norske Veritas.
- Major platforms under construction expected to be completed or delivered in 2017.

National industry fund and social industry capital

- In December 2016, Future Industry Investment Fund made a capital contribution to CIMC Offshore Holdings Limited a subsidiary of the Group, in USD equivalent to RMB1.0 billion and obtained its 15% equity interests. Shown that CIMC Raffles obtained national industry direct support as a superior enterprise in the area of offshore engineering general assembly construction.
- In December 2016, the wholly-owned subsidiaries CIMC Offshore Engineering Co., Ltd., and CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd. entered into a partnership agreement, a cooperation agreement and a capital increase agreement with respectively introducing external capital of RMB5.525 billion to jointly build and operate a D90 1# deep water dual-rig semi-submersible drilling platform and a CR600 deep water semi-submersible living platform, which effectively reduced the debt ratio and finance burden.

R&D and design

- Currently, the focus is mainly on advancing the subject of the 7th-generation ultra-deep water platforms and BT300/350/450, in particular, diversifying the design of ship models in respect of yachts and cruise ships, wind power installation, floating production storage and offloading units (FPSO) and marine ranching, in order to procure potential orders.
- In June, CIMC Offshore Engineering was approved to establish a engineering laboratory of general assembly research and development of offshore .

Industry Development Prospects and Outlook

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

2016 Industry Background

- ✓ In 2016, the domestic logistics industry generally maintained stable with quality improved.
- ✓ The logistics industry was focusing on integration, actively explored the network building along the River Economic and the and with deepening merger and restructuring, alliancerestructuriina288.17 q0.000014305 0 960 540 re2 TfW*nBT/F7 12 Tf1 0 0 1 153.86 g0 G[dom)-11(e)4(sti)-4(c)]TJETQ EMC /Span <MCID

domestic

2016 Operation situation

➢ **The project logistics business line**

✓ Proactively explored market opportunities arising from the implementation of the and strategy of the state. Identified the project and -border multimodal as core products, strengthened Logistics and -Worlink two industry-renowned brands, expanded project logistics business.

✓ In early 2016, opened the -China- sea-railway transport special line, innovating distinct products in respective niche markets by way of railway carriages and special transport vehicles + ro-ro ships. launched a Yingkou-Manzhouli- cold chain transportation special railway line, applying revolutionary BX1K reefer flat car for railway transportation to meet the international cold chain transportation needs for areas along the railway.

Industry Development Prospects and Outlook

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

➢ **The equipment logistics business line**

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

➢ **The container services business line**

✓ Established the development strategies of four major products, i.e. container full-life circle services, leasing and sales of second-hand containers, rail-water transport and sea transport platform, during the 13th Five-Year period.

✓ Speeded up the network distribution of container yards in Southeast Asia and tank container yards. Several special container railway lines opened in succession and operated in a normal manner, improving the rail-water transport systems of CIMC based on the Yangtze River.

➢ **The industry logistics business line**

✓ Focused on industries such as food, automobile, refined oil product and LNG, fostered and developed logistics value-added business and the multimodal transport businesses, continued to make innovation on the business mode of business + equipment + .

2016

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

2016 Industry Background

- In 2016, the global demand for

2016 Operation situation

- The airport facilities equipment business recorded sales revenue of RMB3.213 billion, representing a year-on-year increase of 13.95%; achieved net profit of RMB131 million, representing a year-on-year increase of 110.22%;
- In 2016, the significant increases in revenue and net profit were mainly due to the increase in the percentage of the fire and rescue vehicle contribution, the enhancement of the bargaining power of the boarding bridge business of the Group and the improvement in logistics operation.

house

- **In 2016**, the domestic real estate market went through fro easi po cies t constantly tightening policies in key cities. With the rapidly ri ng hou pric and land prices in hot cities, the policy differentiation became more visible.
- **On one hand**, the control policies in hot cities kept tightening with the intensification of purchasing restrictions on houses and lending restrictions as well as other regulatory measures from time to time, in order to curb the speculative investments and prevent market risks.
- **On the other hand**, third-tier and fourth-tier cities still adhered to the destocking strategy to improve market environment from both ends of the supply and demand.
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- Real estate development business recorded the areas sold of 92,000 m2, revenue of RMB [illegible] million, representing a year-on-year decrease of 44.03%; achieved net profit of RMB154 million, representing a year-on-year decrease of 54.74%.
- The decrease of sales revenue and net profit was mainly due to the decrease in the areas available for sales during the reporting period.

other

Cos ing

2016 Operation situation

■ **The industrial park development and operation business** steady development and advancement

✓ During the Reporting Period, the first phase of the CIMC Intelligence Valley project in Songshan Lake, Dongguan, Guangdong, has completed the investment invitation and several companies have set up their businesses in the park and the project was recognised by the Torch Centre of the national Ministry of Science & Technology as state-level technology business incubator.

✓ At the end of the reporting period, apart from the first phase of the CIMC Intelligence Valley project, the implemented industrial park projects include: CIMC Database in Xinhui, Guangdong and Qingdao Reefer Incubation Park in Jiaozhou, Qingdao.

Industry Development Prospects and Outlook

■ In 2017, the government will press ahead the construction of housing system through implementing different policies according to different municipal conditions, precise adjustments and controls as well as medium-and-long-term effective mechanisms in China. In 2017 that market price and volume in first-tier and second-tier cities nationwide will enter into adjusting period expectedly, but opportunities still remains in some cities.

■ Good developing chances will emerge when the stock of land and properties brought by urban industrial upgrade are enlivened and utilised. Cities supported by industries and population will be the centre of next developing trend. In particular, the industrial park business has a promising prospect.

■ **The industrial city development business** - the operating results were relatively stable with good development trend

✓ The land demolition project of Shanghai CIMC Reefer Containers achieved results in a phased manner, the municipality of Shanghai completed the land resumption. The Group will participate in the recently-held listing-for-bidding of the land with a plan to build an urban complex project following the successful bidding

✓ The Group is in specific negotiation with relevant departments regarding the agreements of its projects in Qianhai and Prince Bay, Shenzhen and the projects are expected to be implemented in the near future.

■ **The traditional residential business** promoting turnovers , controlling risks

✓ Adjusted the development strategy promptly according to the destocking trend of the industry. Certain projects in third-tier and forth-tier cities were put into cooperation with famous real estate companies to improve the productivity of the project and speed up the fund return, thereby controlling the market risk effectively.

2016 Industry Background

- In 2016, with the mounting downward pressure on the domestic economic growth, the financial leasing industry was still a contrarian soar, maintained rapid growth.
- According to the Leasing Association of China, the number of financial leasing companies in China were approximately 7,120 at the end of 2016, increased approximately 2,612 companies; the balances of the financial leasing in China were approximately RMB5,330 billion, increased approximately RMB890 billion.
- Meanwhile, laws, taxations and policies in relation to the domestic financial leasing industry have been improving, the financing channels of financing leasing companies such as bank credit, asset securitization and bond have been expanding gradually.

➢ CIMC Finance Company

In April 2016, CIMC Finance Company was approved by the Bank of China as the organising body to operate the cross-border two-way Renminbi capital pool business of CIMC.

Continuously improved the diversity and professionalism of the financial products, enhanced financial services by addressing the financial needs of different levels within the Group, reducing the transaction costs of the Group and improving business flexibility.

Introduced the credit business, proactively provided financial services to the downstream of the industry chains and integrated solutions to customers, increased the synergies of the industry chains.

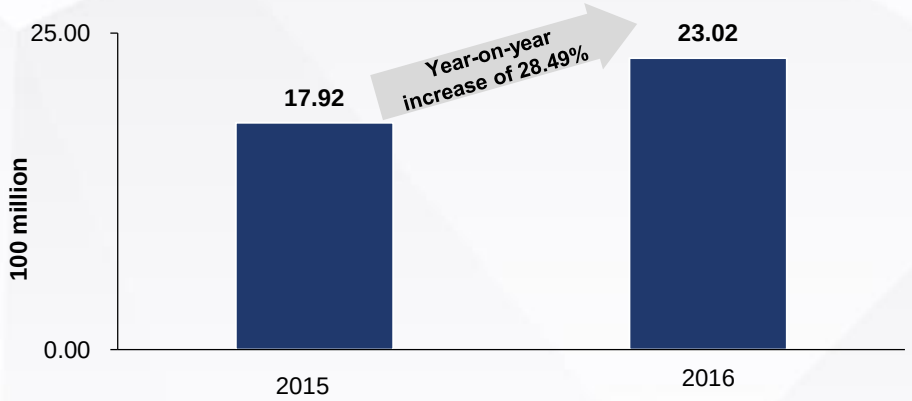
➢ CIMC Financial Leasing Company

Continued to strengthen the integration of industry and finance among the other industrial segments.

Insisted on prudent and moderate risk preference, built assets disposal platform , optimised assets management system.

2016 Operating Situation

- The Group achieved revenue of RMB2.302 billion, with year-on-year growth of 28.49%, achieved net profit of RMB824 million, with year-on-year growth of 6.46%.



Industry Development Prospects and Outlook

- In 2017, the domestic and overseas financial environment will become more complex and changeable accompanied by more uncertainties, which increase the chances of financial crisis. macro-economy still suffers from heavy downturn pressure with growth of investments in fixed assets running low and rare improvement in return on investments in real economy. China will adhere to the principle of progress while maintaining .

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Other Businesses - Modular Building business

- The Group established CIMC Modular Building Investment Company based on the original Modular Building business. A one-stop service model of + finance + covering manufacturing and financing services was developed leveraging the manufacturing and contracting service mode.

✓ The international market

Won the bid for the student apartment project of Newcastle University, the largest student apartment project in the English market in history during the year, demonstrating that the Modular Building products of the Group have been highly recognized by the main student apartment developers in England and CIMC has become a main suppler in the English student apartment market;

The technical system certification of California, the U.S.A was passed, laying a solid foundation for entering the American market comprehensively.

✓ The domestic market

Promoted the preparation and development of the Box Steel Structure Integration Module Building System Procedure of the Group, which has passed the preliminary examination of expert group. The procedure is expected to play an important role in leading and expanding the domestic Modular Building market upon passing the final examination in the first half of 2017.

Other Businesses - Multimodal transport business

✓ About Multimodal transport business

Multimodal transport provides integrated freight transportation services through the effective link-up of two or more ways of transportation based on the standard equipments. At the early stage of development in China, a number of policies were introduced by relevant ministries and commissions of China to encourage the development of multimodal transport.

✓ CIMC Multimodal Transport Company has been established and all businesses have been started smoothly.

The Group established CIMC Multimodal Transport Development Co., Ltd. Multimodal Transport to maximise the comprehensive advantages in branding, equipment, finance and services, utilising the advanced online technologies to effectively link different modes of transport, and promoting the widespread application of the products in multimodal transport industry so as to create a domestic multimodal transport platform.

In respect of the road-railway transport, launched special trains from Jiangmen to and container trains from Guangzhou to and carried out mass freight railway transportation and special cargo railway transportation such as food and coke by self-procured open up containers and tank containers

In addition, purchased a ship during the year to proactively conduct domestic rail-water transport business;

In the future, CIMC Multimodal Transport Company will continue to improve the market share and profitability of its railway related business, strength the expansion of existing business toward multimodal transport, explore and establish the most effective operation mode for domestic multimodal transport.

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Future Outlook

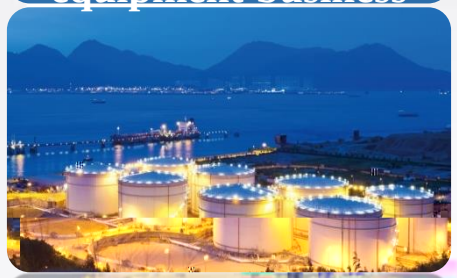
Container manufacturing business

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

Road transportation vehicle business

- ✓ CIMC Vehicle (Group) Co., Ltd. will continue to strive for comprehensively improving the core competencies of global operations. While focusing on semi-trailer business and optimising existing business, the Group will put more efforts on exploring business growth and innovation business, to seize rapidly the opportunities arising from the changing trends and needs in the global markets and realise the continuous quality growth of the road vehicle business of the Group.
- ✓ **Domestic market**:the Group will seek for developing new profit growth by capturing opportunities brought by new regulations and prevailing hot events.
- ✓ **North American market**:the Group will actively extend the geographical coverage of its products to set off the cyclical downtrends.
- ✓ **European market** :the Group will continue to seek for future growth drivers.
- ✓ **Emerging markets**: the Group will develop key markets, such as Southeast Asia and Middle East, and ensure the development of mature regions.

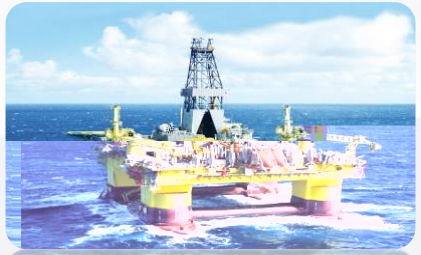
Energy, chemical and liquid food equipment business



- ✓ In 2017, CIMC Enric will continue to focus on the improvement of its core competiveness based on connotation growth and continual innovation and strengthen the integration of enterprises that are newly acquired through merger and acquisition.
- ✓ **Energy equipment business**:Putting more efforts on expanding the market shares of its core products in China, develop from natural gas storage and transportation in the middle and downstream sectors to natural gas extraction in the upstream sector, explore new business in a proactive manner and expand the overseas market;
- ✓ **Chemical equipment business**: Proactively expanding the special tank container business and continue to promote the communication and sharing of professional knowledge, technical expertise and market network among subsidiaries in China and Europe;
- ✓ **Liquid food equipment business**: Continuing to improve the brand advantages of Ziemann Holvrieka strengthen the integration of Briggs and further improve its market position.

Future Outlook

Offshore Engineering Business



- ✓ Expanding business scope, deeply exploring the potential orders in the oil and gas industry, the tourism industry, the deep-sea fishery industry and the power industry and built its advantage for its focused products to walk out of the downturn period of the offshore engineering market through provision of differentiated products and services.
- ✓ In terms of management, by sticking to lean principle, benchmarking against Kawasaki and completing E331 project as its overall objective, the offshore engineering business segment of the Group will continue to promote the management topic -centric, approach management and statement of so as to proactively cope with changes in the industrial environment.

Logistics Services Business

- ✓ Further strengthening culture integration and building in its logistics services business, optimising the business structure and oganisational structure and clarifying the nature and boundaries of business.
- ✓ The emphasis will be placed on building a system of product planning and marketing and improving business risk management.
- ✓ Enhancing the systematic management of investment and perfect the investment network deployment both home and abroad.
- ✓ Encouraging internal innovation and entrepreneurship, develop innovative mechanism and culture, and continue to promote the lean management, HSE management and development of informatisation, etc.

Heavy Truck Business

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

Future Outlook

- Gradually improve the guarantee ability and achieve stable business growth of its airport facilities equipment business by way of implementing the following initiatives:

✓ Conducting internal and external optimisation to continuously strengthen core competitiveness;

✓ Conducting innovation with the consideration of industrial characteristics;

✓ Perfecting the human resource system; promoting risk management improvement;

✓ Managing reasonably to achieve improvement;

✓ C

Q & A